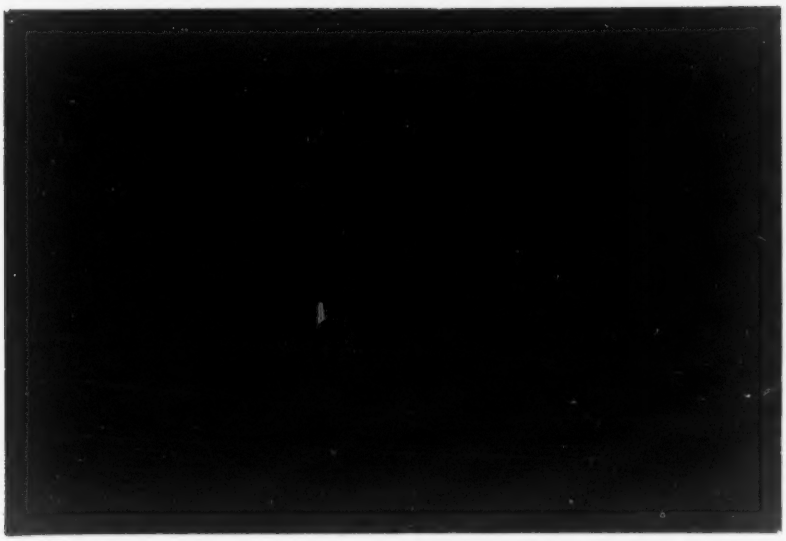
U7475 - 2



Surveys of Consumers

SURVEY RESEARCH CENTER • THE UNIVERSITY OF MICHIGAN

June 1990 Monthly Survey July 6, 1990

Surveys of Consumers

Richard T. Curtin, *Director*

RISING CONCERNS OVER SLUGGISH EXPANSION: "IT AIN'T OVER TILL ITS OVER"

Sentiment Weakens

The Index of Consumer Sentiment fell to 88.3 in the June 1990 survey, from 90.6 one month earlier and 93.9 two months earlier. While this represents a significant decline during the past three months, the Index averaged 90.9 for the second quarter of 1990 as a whole, identical to the level recorded in the second quarter of 1989.

The June reading was the lowest level recorded since late 1987, and the lowest since the start of the expansion--if the brief decline following the stock market crash is excluded. But the overall decline has been very modest, with the June figure of 88.3 just 3.2 Index-points below the average recorded during the past five quarters.

The recent declines reflect unusually sharp divergences: Sentiment was significantly weaker in the Northeast and South than other regions. Moreover, the primary focus of attention has been almost exclusively on generalized concerns over lagging growth prospects for the economy, while personal financial prospects have shown little change.

While consumers have become very concerned about the sluggish performance of the economy, they do not yet expect the economy to slip into a full-scale recession.

Among households with incomes of $30,000 or more, the Index of Consumer Sentiment rose slightly to 97.9 in the June 1990 survey, from 97.1 one month earlier and 95.2 one year earlier.

Significant Regional Differences

In the June survey, sentiment readings among residents of the Northeast and Southern regions were comparable and significantly below the levels in the Western and North Central states. Residents of the Northeast again recorded the lowest sentiment reading in the June survey (84.6), but it was only marginally below the level recorded in the South (85.5). This convergence resulted from gains in the Northeast and declines in the South over the past two months. In contrast, sentiment remained relatively high among residents of the Western (92.3) and North Central (92.1) states, although both regions registered declines in the June survey.

Leading Indicator Declines

The Index of Consumer Expectations, a component of the Index of Leading Indicators, fell to 76.6 in the June 1990 survey from 79.3 in May and 83.9 in April. Excluding the brief dip in late 1987 caused by the stock market crash, the June level was the lowest recorded since the start of 1983. The current reading is fully 20 Index-points below the cyclical peak of 97.0 recorded at the start of 1984, but still over 30 Index-points above the last cyclical trough of 44.3 recorded in 1980.

Nearly the entire decline from the cyclical peak in the Expectations Index can be attributed to less favorable prospects for the general economy. Consumers' assessments of their own personal financial prospects have remained at relatively

positive levels throughout the expansion.

Personal Finances Remain Positive

Among all families in the June 1990 survey, 43 percent reported that their financial situation had improve during the past year, unchanged from one month earlier and somewhat above the 38 percent recorded one year earlier. When asked to explain how their financial situation had changed, more frequent reports of income gains (34, up from 29 percent in May) were offset by more frequent complaints about rising prices (15, up from 11 percent).

Consumers continued to view their financial prospects for the year ahead in favorable terms, although these prospects have weakened in recent months. Among all families in the June survey, 36 percent expected their financial situation to improve during the year ahead, between the 38 percent recorded one month earlier and the 34 percent recorded one year earlier. Most families expected their financial situation to remain the same, considering expected changes in both incomes and prices. This expectation of an unchanged financial situation was reported by half of all families in the June survey. In contrast, just 11 percent expected their financial situation to worsen during the year ahead.

Stagnant Outlook For the Economy

Consumers' perceptions of current conditions in the national economy remained negative in the June survey, as they have for the past five months. Among all families, 43 percent thought that business conditions had worsened during the past year, compared with 37 percent that thought they had improved. This unfavorable balance of opinion has remained largely unchanged since February, and represents a sharp reversal to the favorable balance of opinion recorded a year earlier (45 versus .33 percent in June 1989).

The performance of the national economy was expected to remain on its same sluggish course during the year ahead by the majority of families in the June 1990 survey (58 percent). The balance of families were equally split between those that expected the economy to improve (20 percent) and those that expected it to worsen (20 percent).

In the June 1990 survey, as many families expected good as bad times financially (43 percent) in the country as a whole during the year ahead. This represents a significant decline from the positive expectations recorded in May, when good times were expected by 47 percent compared with 37 percent that expected bad times financially. Excluding the crash-depressed November and December 1987 surveys, the June reading is the most negative recorded since the current expansion began.

Interest Rates

Interest rate expectations improved slightly in the June 1990 survey, for the first time since the start of the year. Among all families in the June survey, 18 percent expected interest rates to decline during the year ahead, up from 10 percent in May. Overall, interest rate expectations remained unfavorable, however, as 56 percent expected increases in the June survey.

Unemployment

The national unemployment rate was expected to increase by 39 percent of all families in the June 1990 survey, up from 37 percent one month earlier, and 29 percent one year earlier.

Inflation Expectations

Consumers expected the rate of inflation during the year ahead to average 4.9% in the June 1990 survey, up from 4.6% one month earlier, and nearly regaining the 5.0% recorded one year earlier.

Confidence in Government Economic Policies Declines

Confidence in government economic policies to combat inflation and unemployment slipped in the June 1990 survey to the lowest level recorded during the current expansion. Among all families, unfavorable ratings exceeded favorable ratings by the margin of 26 to 16 percent.

In past downturns, the perception by consumers that government policies would further slow economic activity rather than counteract developing weaknesses has played a significant role in accelerating declines. At present, the decline in confidence in economic policies reflect more of a generalized concern with the responsiveness of current policies to the persistent sluggishness in the economy. The recent admission by the Bush administration of the possibility of tax increases, if reinforced and confirmed in coming months, would provide a much more explicit signal, especially given the already weakened prospects for the economy.

Buying Conditions

Buying attitudes registered a slight overall decline during the past few months, but on balance remained at favorable levels.

Homes. Favorable views of home buying conditions were held by 65 percent of all families in the June 1990 survey, just below the 66 percent recorded one month earlier. Lower home prices continue to be the dominant reason given by consumers for these favorable views of home buying conditions. In the June 1990 survey, 28 percent mentioned lower home prices when asked to explain their view, just below the all-time record of 29 percent recorded both one month and three months earlier.

That home prices are lower is certainly seen as an advantage for the buyer. Most home buyers, however, are also home sellers, and the price declines also represent a disadvantage. It has been suggested that a decline in the value of both the home they own and the one they wish to purchase would leave home buyers in an unchanged situation. While the economic equivalence may hold, there is little reason to expect an equivalence on a psychological basis. The importance attached to the decline in the value of their current home is much greater than the weight given to price declines in homes they might purchase.

This situation is somewhat similar to consumer reactions to COLA adjusted incomes: the income gains were often viewed as justified by individual effort and the price increases viewed as unwarranted dilutions of these hard won gains.

Vehicles. Favorable attitudes toward buying conditions for vehicles were held by 63 percent of all families in the June 1990 survey, just between the 64 percent recorded one month earlier and the 61 percent recorded one year earlier.

The availability of price discounts continue to be the mainstay of these favorable attitudes. References to price discounts were made by 41 percent of all families in the June survey, unchanged from one month earlier, but below the three month earlier reading of 48 percent. References to discounted interest rates on vehicle purchases have increased slightly in the past few months (14 percent in June from 11 percent three months earlier), but remained well below the year earlier reading (21 percent).

Household Durables. Favorable attitudes toward buying conditions for furniture, appliances, and other large household durables were held by 75 percent of all families in the June 1990 survey, unchanged from one month earlier. These favorable buying attitudes are dependent on the availability of price discounts.

* * *

The June 1990 survey included 500 completed interviews conducted between June 1 and June 27, 1990.

SURVEYS OF CONSUMERS

JUNE 1990

The June 1990 survey was the 263rd in a series of Surveys of Consumers conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results for the total sample will differ by no more than 5 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant across samples.

© The University of Michigan, 1990

TABLE OF CONTENTS

TABLE	TITLE
1.	The Index of Consumer Sentiment
2.	Index of Consumer Sentiment within Region and Age Subgroups
3.	Components of the Index of Consumer Sentiment
4.	Current Financial Situation Compared to a Year Ago
5.	Selected Reasons for Opinions About Personal Financial Situation
6.	Expected Change in Financial Situation
7.	Trend in Personal Financial Situation
8.	Expected Family Income Change During the Next 12 Months
9.	Expected Change in Real Family Income
10.	News Heard of Recent Changes in Business Conditions
11.	Selected Items of News Heard of Recent Changes in Business Conditions
12.	Current Business Conditions Compared to a Year Ago
13.	Expected Change in Business Conditions in a Year
14.	Trend in Past and Expected Changes in Business Conditions
15.	Business Conditions Expected During the Next 12 Months
16.	Business Conditions Expected During the Next 5 Years
17.	Expected Change in Unemployment
18.	Expected Change in Interest Rates
19.	Expected Change in Prices During the Next 12 Months
20.	Opinions About the Government's Economic Policy
21.	Buying Conditions for Large Household Goods
22.	Selected Reasons About Buying Conditions for Large Household Goods
23.	Buying Conditions for Houses
24.	Selected Reasons for Opinions About Buying Conditions for Houses
25.	Buying Conditions for Cars
26.	Selected Reasons for Opinions About Buying Conditions for Cars

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

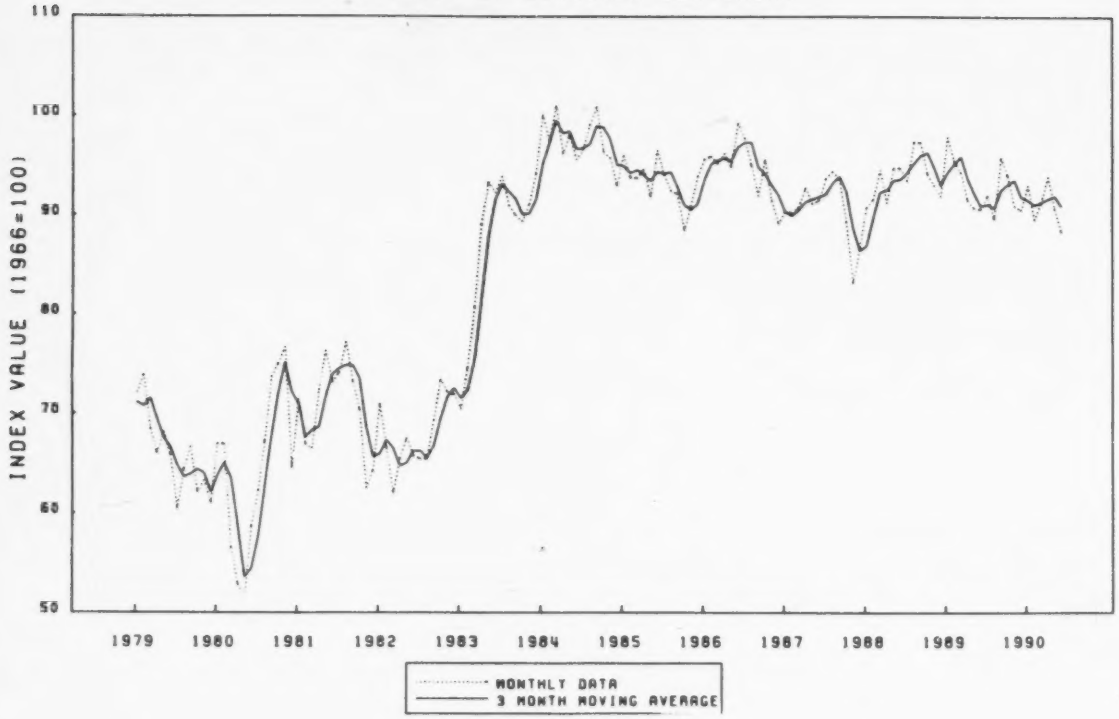


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

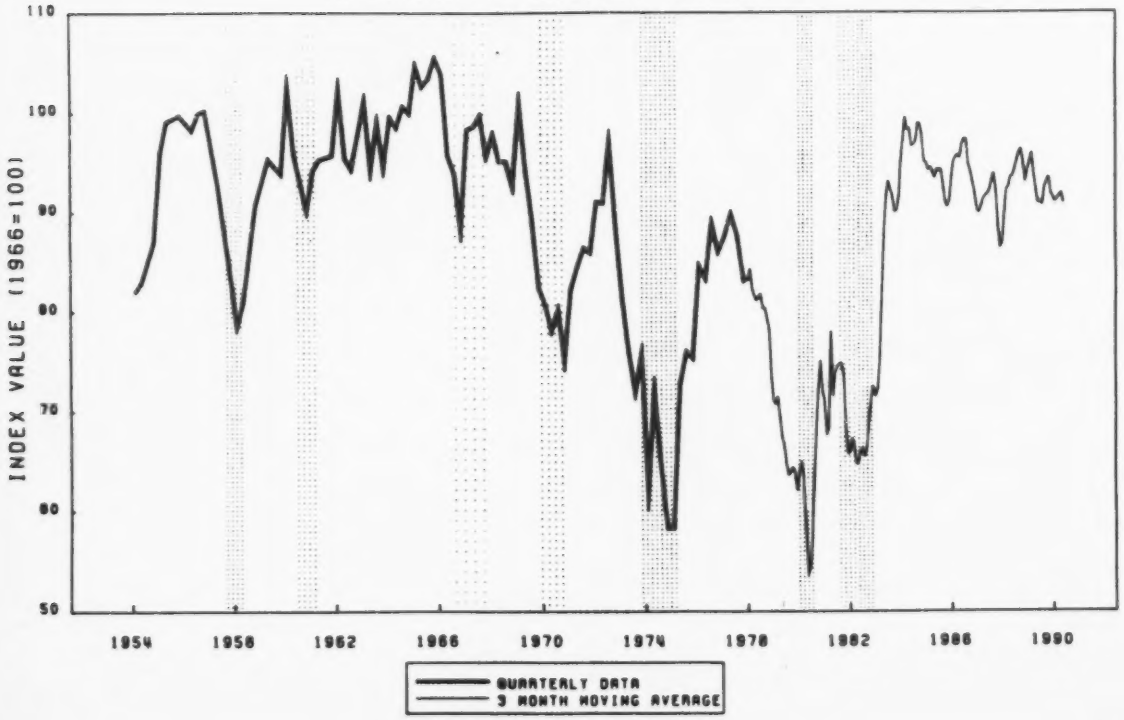


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $30,000	Families with incomes over $40,000
June 1987	91.5	102.9	102.9
July 1987	93.7	102.5	104.0
August 1987	94.4	104.4	109.1
September 1987	93.6	100.6	104.3
October 1987	89.3	99.9	101.8
November 1987	83.1	87.7	90.5
December 1987	86.8	94.5	96.1
January 1988	90.8	99.0	99.9
February 1988	91.6	98.1	100.8
March 1988	94.6	103.7	104.6
April 1988	91.2	99.1	99.6
May 1988	94.8	106.6	108.3
June 1988	94.7	102.3	102.7
July 1988	93.4	100.5	103.9
August 1988	97.4	105.1	104.2
September 1988	97.3	102.8	105.4
October 1988	94.1	103.0	103.7
November 1988	93.0	102.0	101.0
December 1988	91.9	97.0	99.5
January 1989	97.9	108.4	106.8
February 1989	95.4	104.6	109.6
March 1989	94.3	98.6	100.0
April 1989	91.5	99.1	99.8
May 1989	90.7	100.6	100.3
June 1989	90.6	95.2	95.4
July 1989	92.0	103.2	101.9
August 1989	89.6	93.5	93.1
September 1989	95.8	104.1	103.0
October 1989	93.9	100.2	103.6
November 1989	90.9	99.4	100.5
December 1989	90.5	100.0	104.1
January 1990	93.0	99.9	103.2
February 1990	89.5	93.9	91.8
March 1990	91.3	98.4	98.8
April 1990	93.9	99.8	103.3
May 1990	90.6	97.1	98.6
June 1990	88.3	97.9	99.1

CHART 2A - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

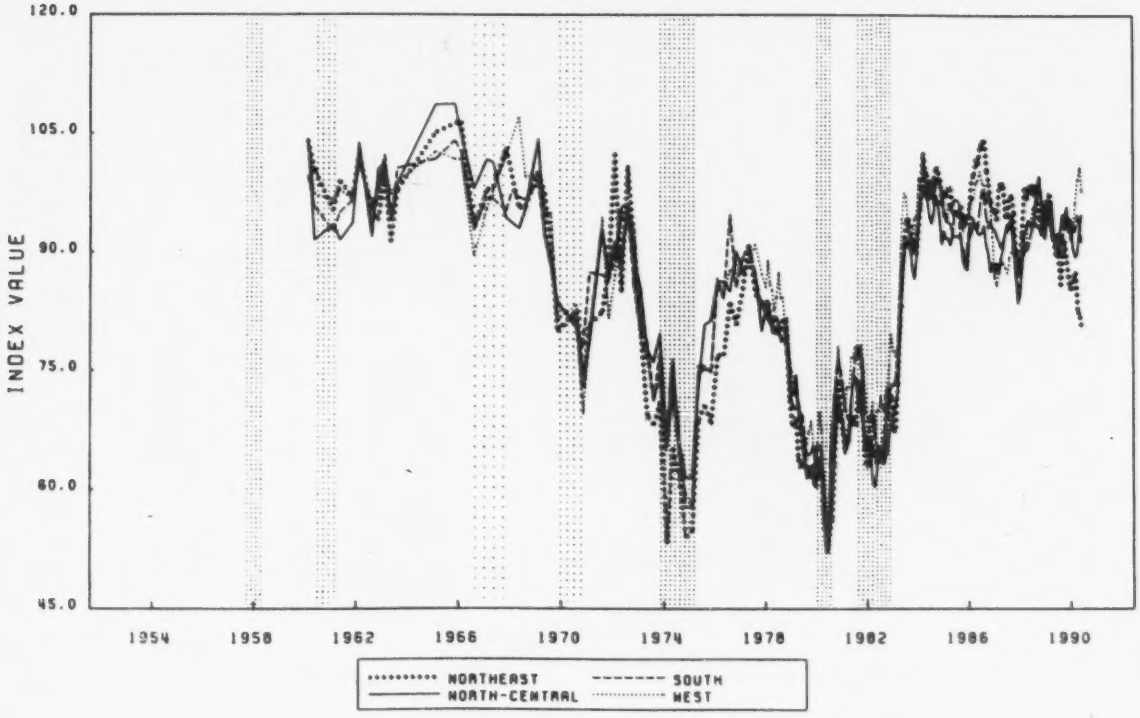


CHART 2B - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

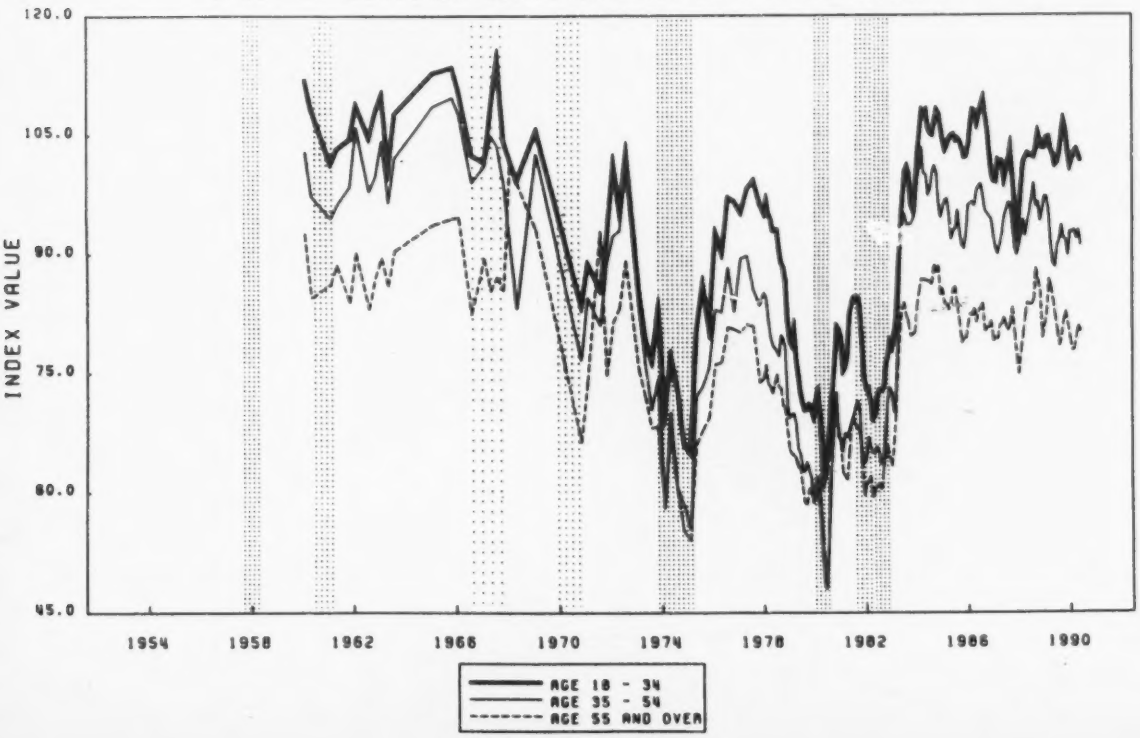


TABLE 2
INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
June	1987	92.5	92.2	91.5	89.7	99.0	95.5	80.0
July	1987	100.1	95.7	93.8	85.2	103.0	97.8	80.2
August	1987	99.0	91.0	95.2	93.2	103.3	95.8	80.8
September	1987	92.2	94.7	94.9	91.5	104.1	95.4	82.6
October	1987	93.8	87.2	88.3	89.1	92.0	89.9	86.2
November	1987	83.9	79.6	87.9	79.4	91.7	86.6	70.8
December	1987	83.4	83.6	90.4	89.2	94.1	92.9	73.6
January	1988	99.8	91.3	87.6	88.5	98.3	93.6	80.1
February	1988	93.7	92.1	92.8	86.3	102.5	90.3	79.9
March	1988	101.2	92.9	91.6	95.3	103.5	98.9	80.0
April	1988	94.9	93.9	88.6	89.0	100.0	87.5	86.6
May	1988	99.1	95.5	91.1	97.3	104.2	95.4	84.7
June	1988	98.1	91.2	95.9	95.2	103.1	102.0	79.5
July	1988	98.3	92.0	91.8	94.0	99.6	93.0	86.6
August	1988	95.7	100.9	94.4	98.5	103.6	101.7	86.3
September	1988	95.2	101.9	93.3	97.6	106.1	93.3	91.4
October	1988	91.8	96.1	92.9	96.6	105.8	94.6	82.0
November	1988	95.8	90.6	90.5	98.9	100.4	94.3	82.2
December	1988	90.8	90.2	96.1	88.0	103.7	97.1	73.9
January	1989	96.9	94.2	99.9	102.2	105.8	100.3	86.7
February	1989	103.5	99.2	88.8	93.6	104.3	94.2	86.7
March	1989	91.5	95.8	96.1	92.2	103.9	91.8	87.0
April	1989	83.9	94.6	93.4	90.3	101.0	87.5	83.8
May	1989	99.9	86.7	87.3	94.3	102.2	86.9	81.9
June	1989	84.7	91.2	94.4	89.8	100.0	90.4	81.1
July	1989	87.2	91.9	95.6	91.8	101.9	95.8	78.0
August	1989	85.2	93.6	85.0	95.7	105.7	88.9	76.1
September	1989	97.1	98.8	94.0	92.7	107.1	96.2	84.9
October	1989	92.1	89.6	99.5	92.6	107.3	90.5	83.9
November	1989	77.5	98.7	87.2	99.4	102.2	88.6	79.3
December	1989	87.1	89.2	93.5	90.7	99.3	90.3	80.4
January	1990	91.0	94.2	93.8	92.2	101.4	99.5	78.3
February	1990	82.0	88.2	91.5	95.1	104.9	88.2	74.7
March	1990	89.5	85.5	92.5	101.5	101.7	91.4	81.1
April	1990	75.9	95.6	100.1	101.1	102.8	96.0	83.6
May	1990	80.4	96.5	88.0	99.5	102.6	91.6	77.9
June	1990	84.6	92.1	85.5	92.3	99.5	85.8	79.2

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

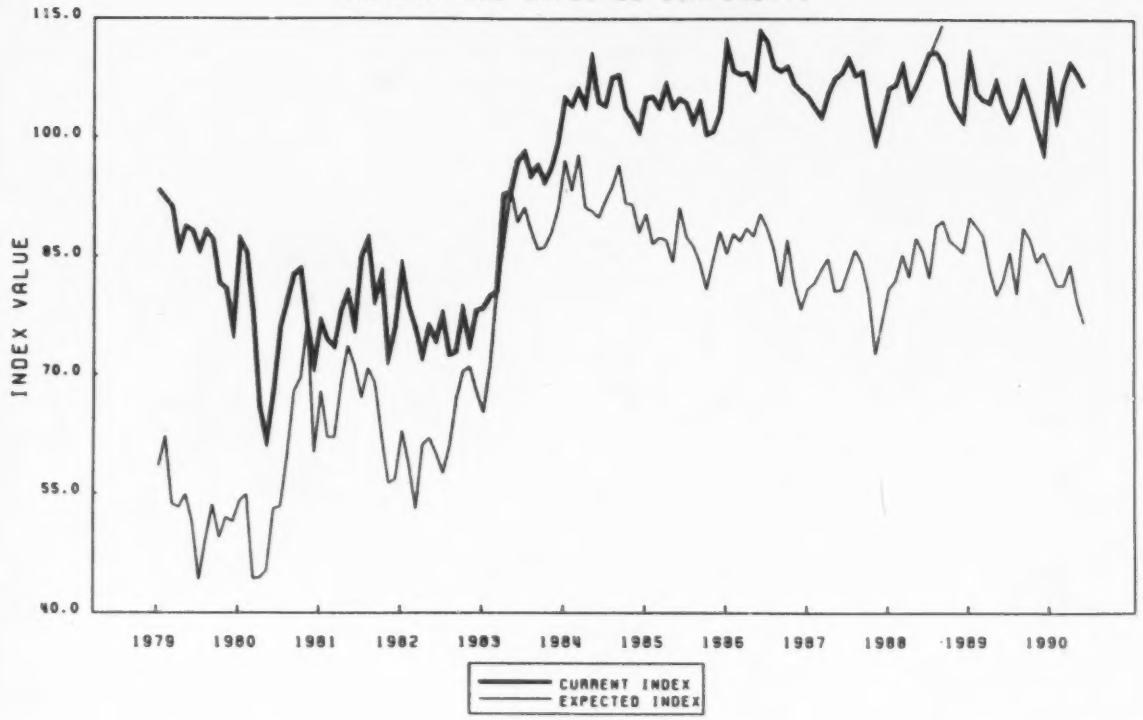


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

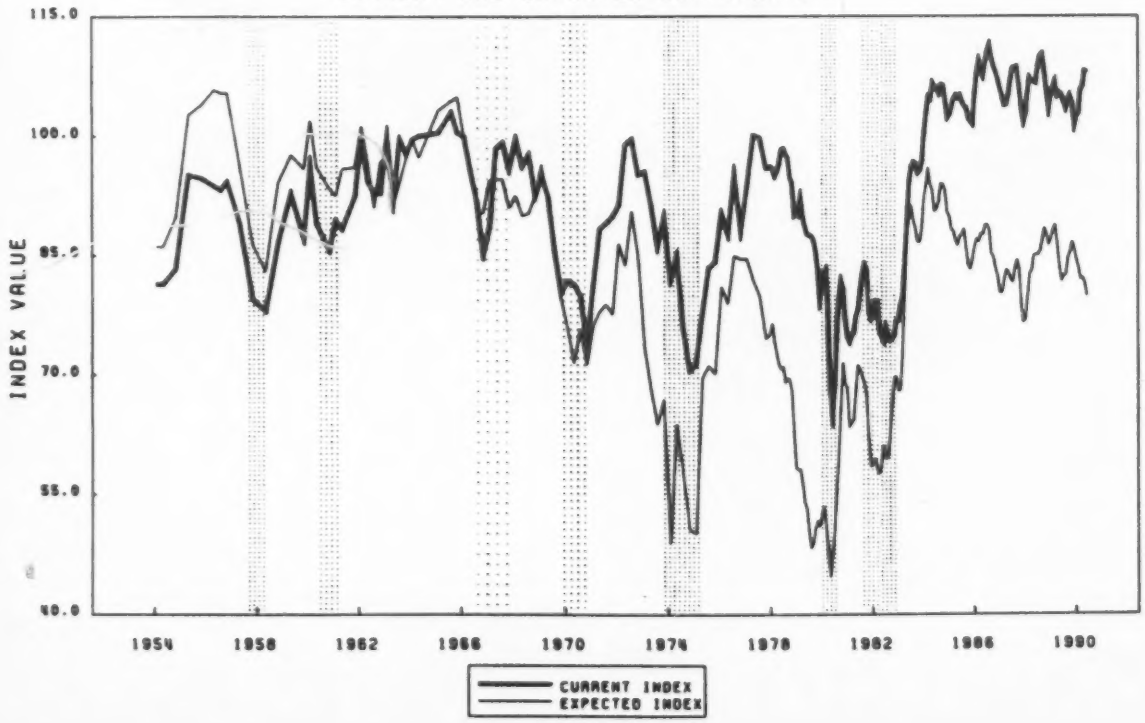


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT
INDEX COMPONENTS +

DATE OF SURVEY	Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
	Current	Expected	12 months	5 years			
	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
June 1987	120	122	117	89	161	108.1	80.8
July 1987	123	123	118	94	162	109.9	83.3
August 1987	122	127	125	93	157	107.8	85.8
September 1987	119	124	122	92	162	108.3	84.2
October 1987	118	128	105	90	149	103.1	80.4
November 1987	115	118	93	80	142	99.3	72.7
December 1987	119	120	98	89	147	102.7	76.7
January 1988	122	131	110	84	154	106.2	80.9
February 1988	122	130	108	90	155	106.6	81.9
March 1988	127	133	114	96	156	109.1	85.2
April 1988	117	125	117	89	154	104.8	82.4
May 1988	111	127	125	98	165	106.5	87.3
June 1988	119	129	121	95	163	108.6	85.7
July 1988	120	128	106	96	167	110.7	82.3
August 1988	127	127	125	105	160	110.8	88.8
September 1988	127	133	125	102	157	109.4	89.5
October 1988	114	124	129	97	158	105.0	87.0
November 1988	112	128	122	97	156	103.3	86.3
December 1988	114	127	119	98	150	102.0	85.5
January 1989	121	131	128	103	165	110.3	89.9
February 1989	120	130	128	99	154	105.7	88.8
March 1989	116	131	123	98	156	104.8	87.6
April 1989	113	130	113	91	158	104.4	83.2
May 1989	121	125	107	89	157	107.1	80.1
June 1989	115	123	115	90	155	104.1	82.0
July 1989	112	123	124	96	152	102.1	85.5
August 1989	114	126	109	88	156	103.9	80.3
September 1989	117	129	127	101	161	107.1	88.6
October 1989	114	134	124	93	156	104.4	87.2
November 1989	116	130	116	92	146	101.2	84.3
December 1989	115	129	115	99	140	98.2	85.5
January 1990	116	124	119	92	164	108.0	83.4
February 1990	108	126	111	90	157	102.3	81.3
March 1990	117	125	108	93	160	106.9	81.3
April 1990	122	136	110	92	162	109.4	83.9
May 1990	119	126	110	83	161	108.1	79.3
June 1990	119	125	100	83	158	106.5	76.6

(1) See Table 4 (2) See Table 6 (3) See Table 15 (4) See Table 16 (5) See Table 21.
+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

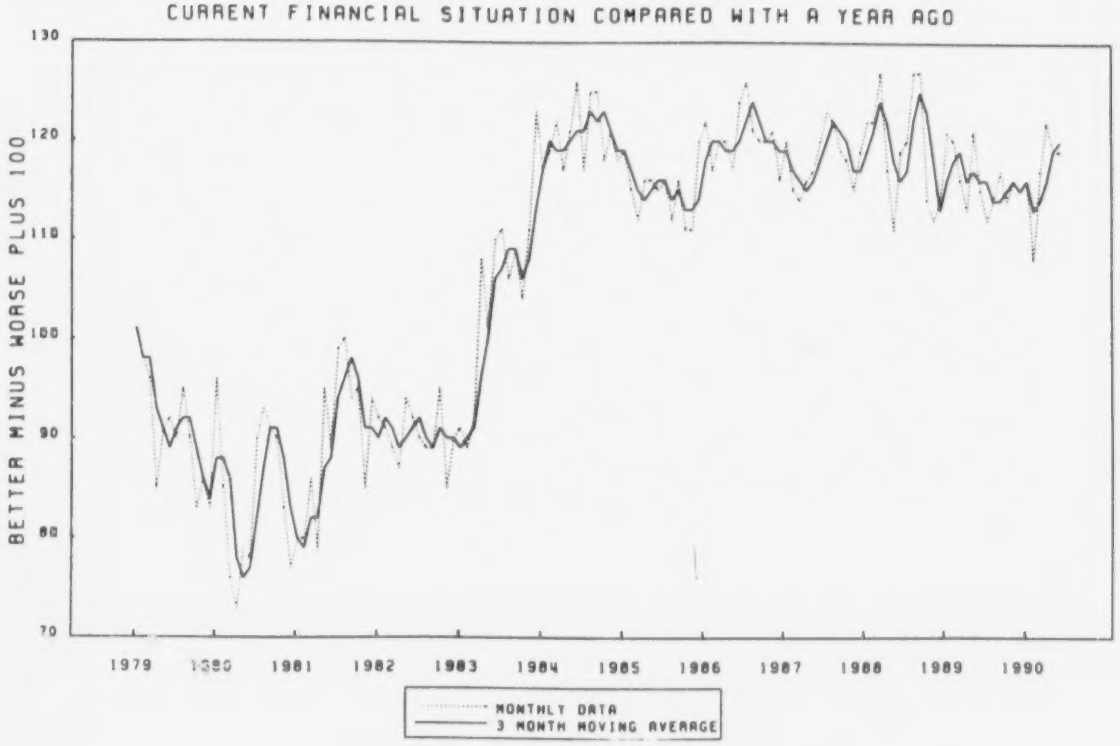


CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

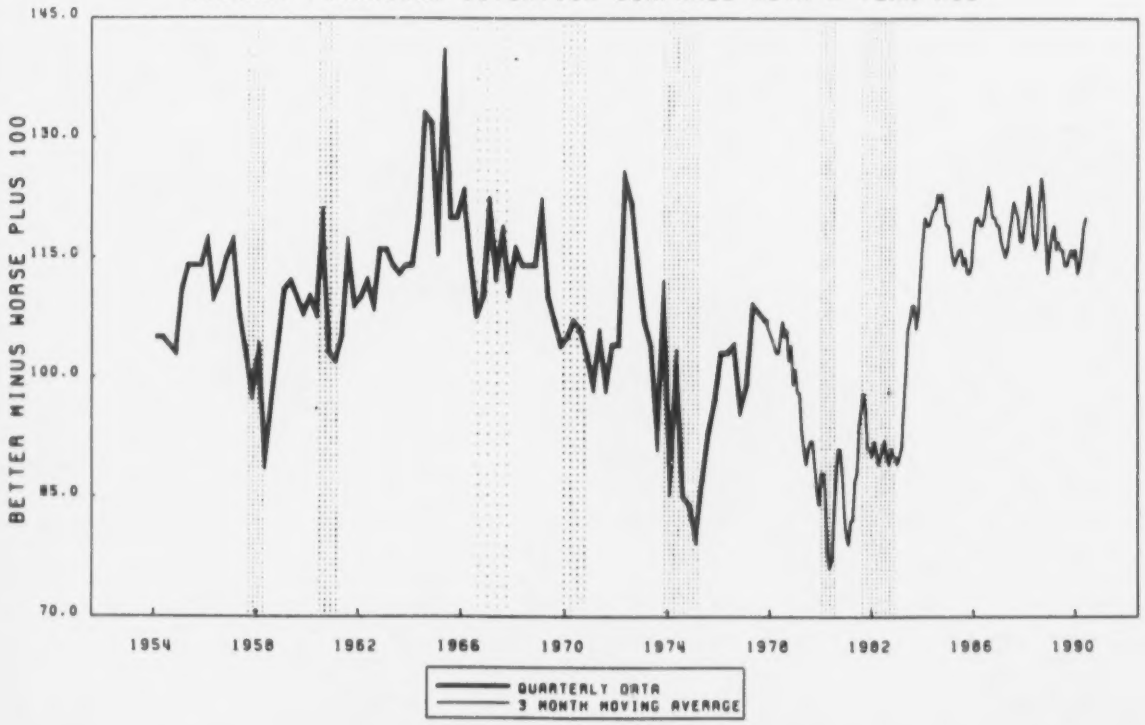


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
BETTER OFF	38%	41%	41%	42%	42%	42%	41%	43%	38%	43%	46%	43%	43%
SAME	38	30	32	32	30	32	32	30	32	30	29	33	33
WORSE OFF	23	29	27	25	28	26	26	27	30	26	24	24	24
DK,NA	1	*	*	1	*	*	1	*	*	1	1	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

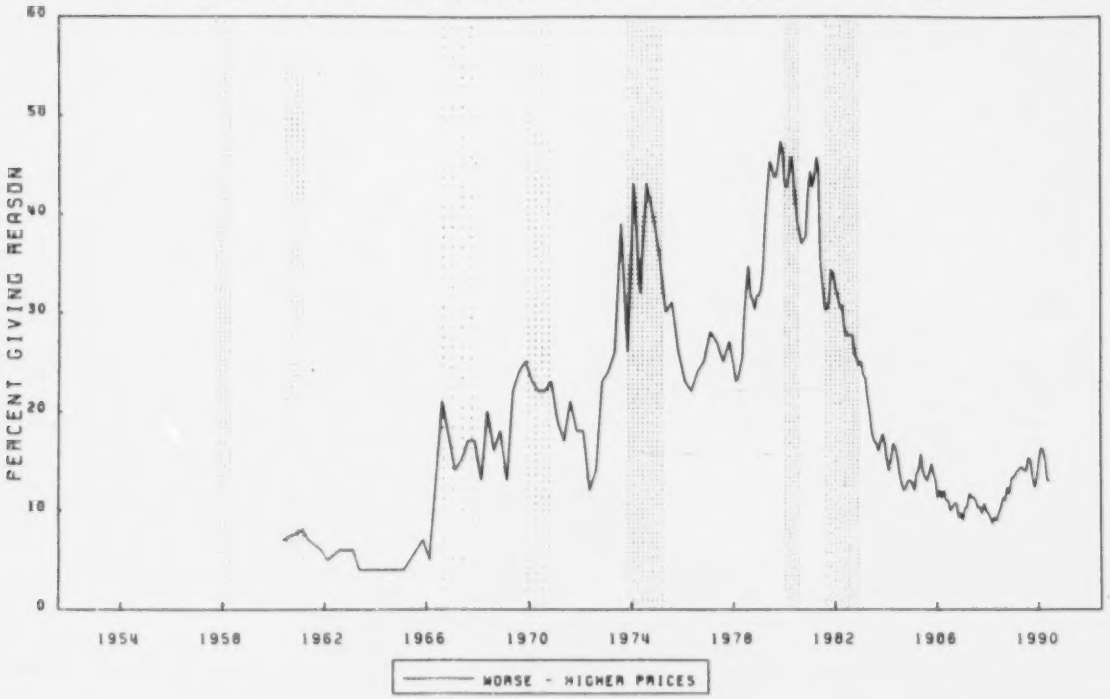


CHART 5B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

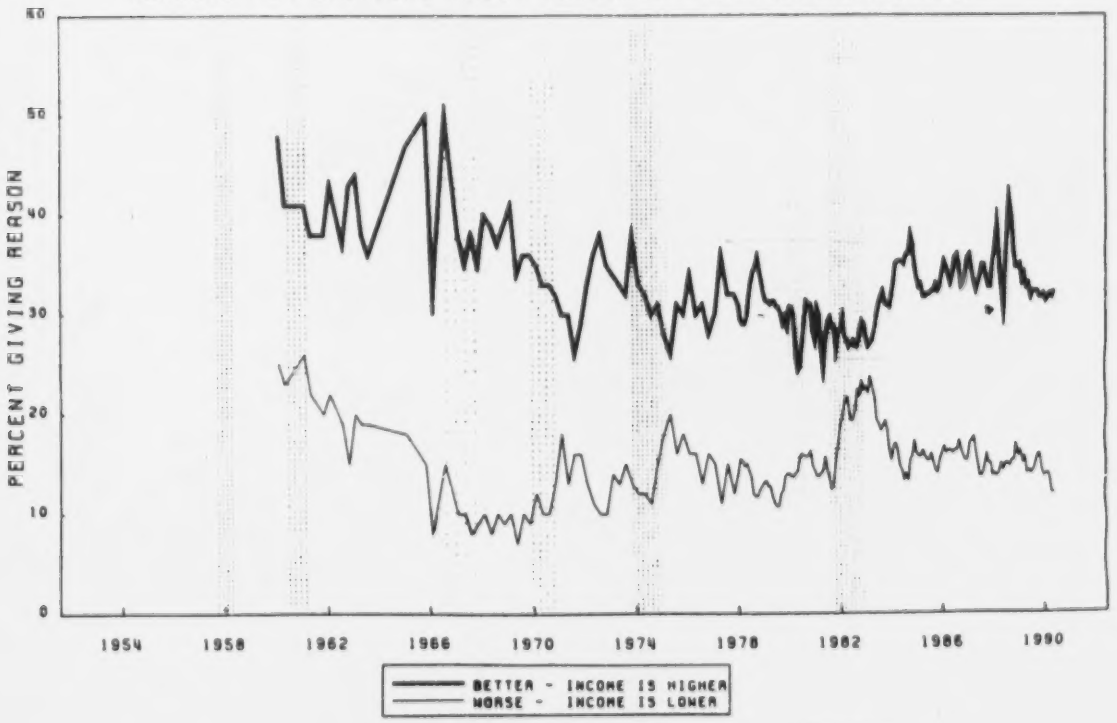


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
BETTER OFF THAN YEAR AGO:													
Income is higher	31%	32%	34%	31%	32%	32%	31%	33%	30%	32%	34%	29%	34%
WORSE OFF THAN YEAR AGO:													
Income is lower	14	15	14	16	17	15	11	15	16	11	13	12	11
Higher prices	14	16	16	13	11	13	16	16	17	15	13	11	15

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

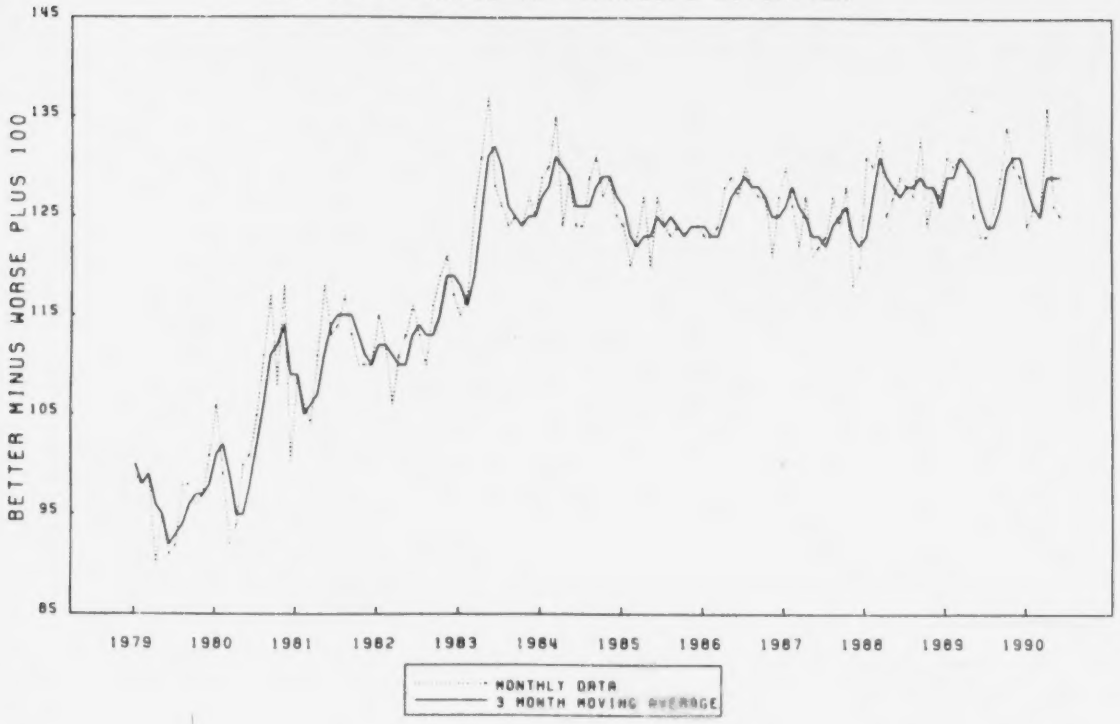


CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

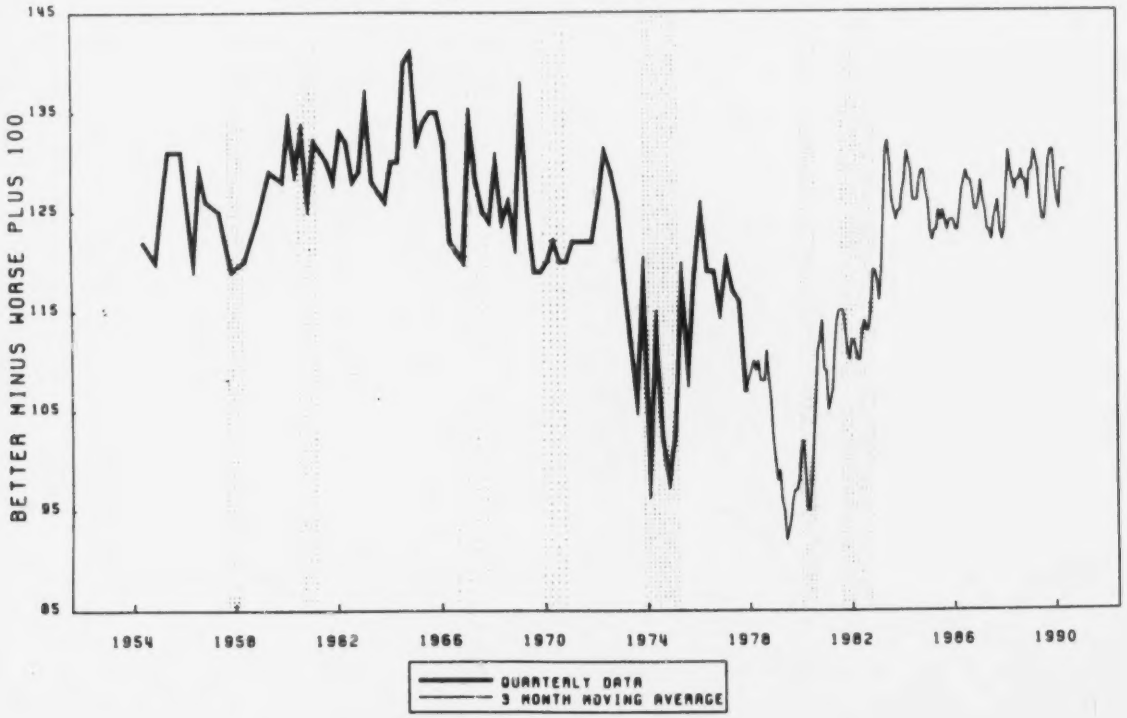


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
BETTER OFF	34%	35%	37%	38%	41%	40%	37%	35%	35%	37%	45%	38%	36%
SAME	52	50	49	49	47	48	50	51	53	49	44	48	50
WORSE OFF	11	12	11	9	7	10	8	11	9	12	9	12	11
DK,NA	3	3	3	4	5	2	5	3	3	2	2	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "Now looking ahead—do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES

TREND IN PERSONAL FINANCIAL SITUATION

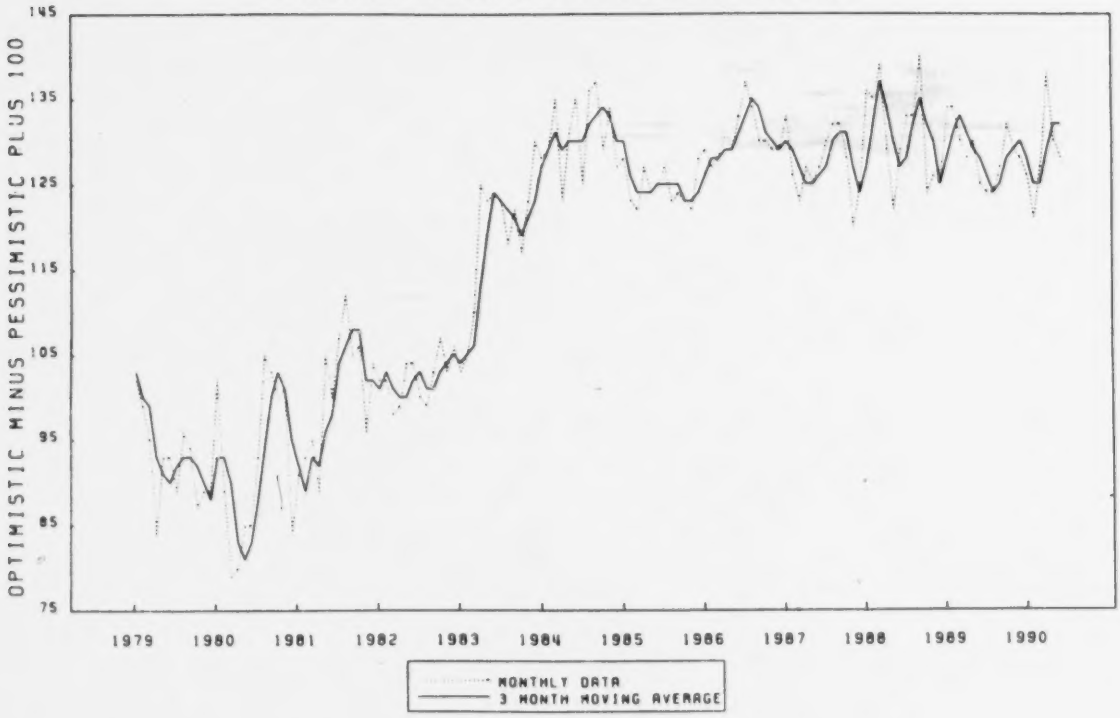


CHART 7 - HISTORICAL SERIES

TREND IN PERSONAL FINANCIAL SITUATION

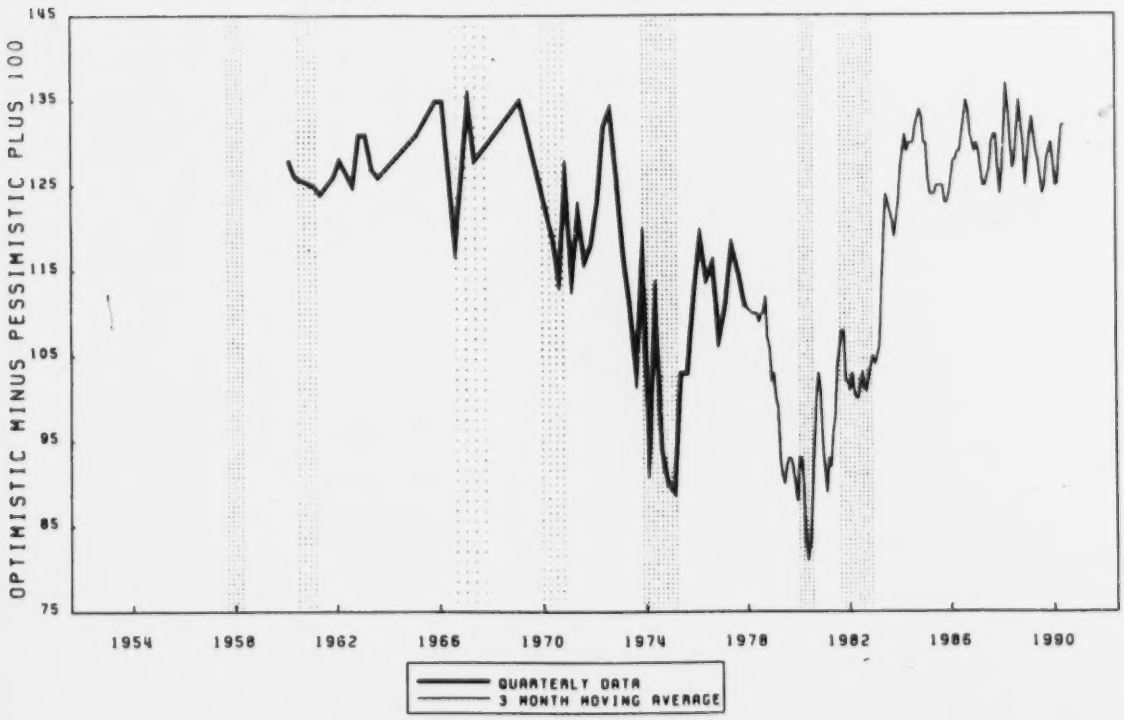


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	16%	19%	20%	24%	22%	21%	19%	20%	17%	20%	24%	22%	19%
Intermittant increase(b)	28	28	25	24	27	26	28	28	26	28	29	26	29
Remain unchanged (c)	22	18	20	19	17	20	18	17	21	17	16	21	18
Intermittant decline (d)	15	15	16	17	12	14	16	16	17	15	11	11	16
Continuous decline (e)	4	8	5	4	5	4	3	6	5	6	4	7	4
Mixed change (f)	11	9	10	8	11	13	11	9	10	10	13	11	11
DK,NA	4	3	4	4	6	2	5	4	4	4	3	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

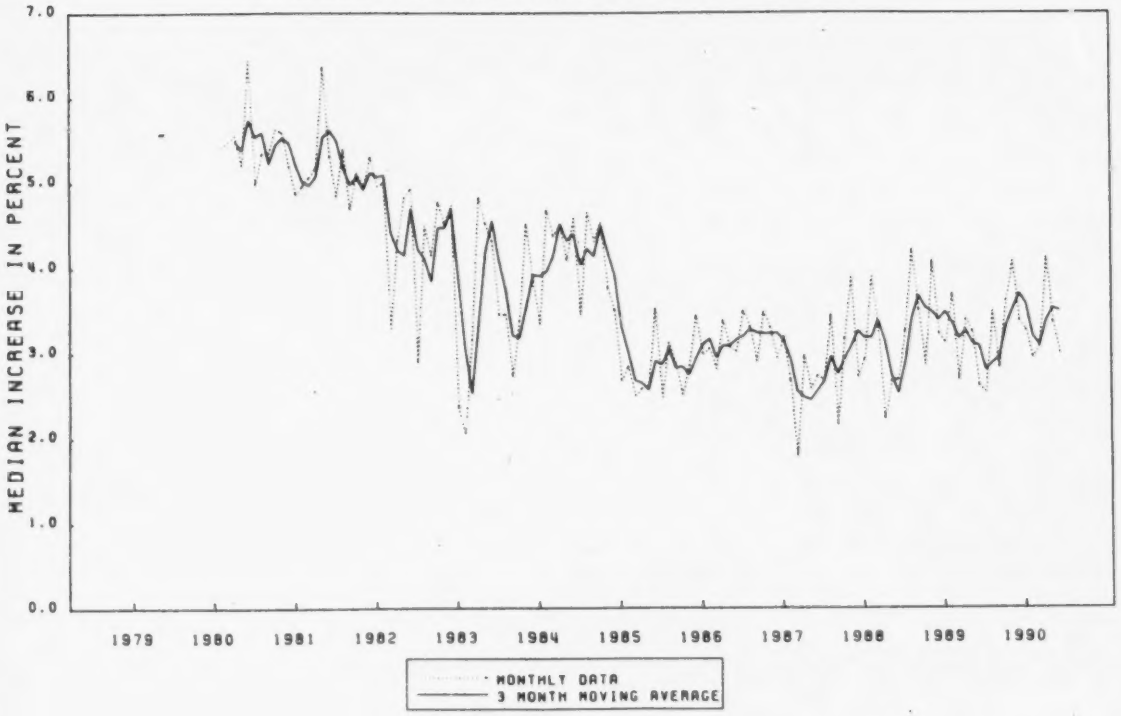


CHART 8 - HISTORICAL SERIES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

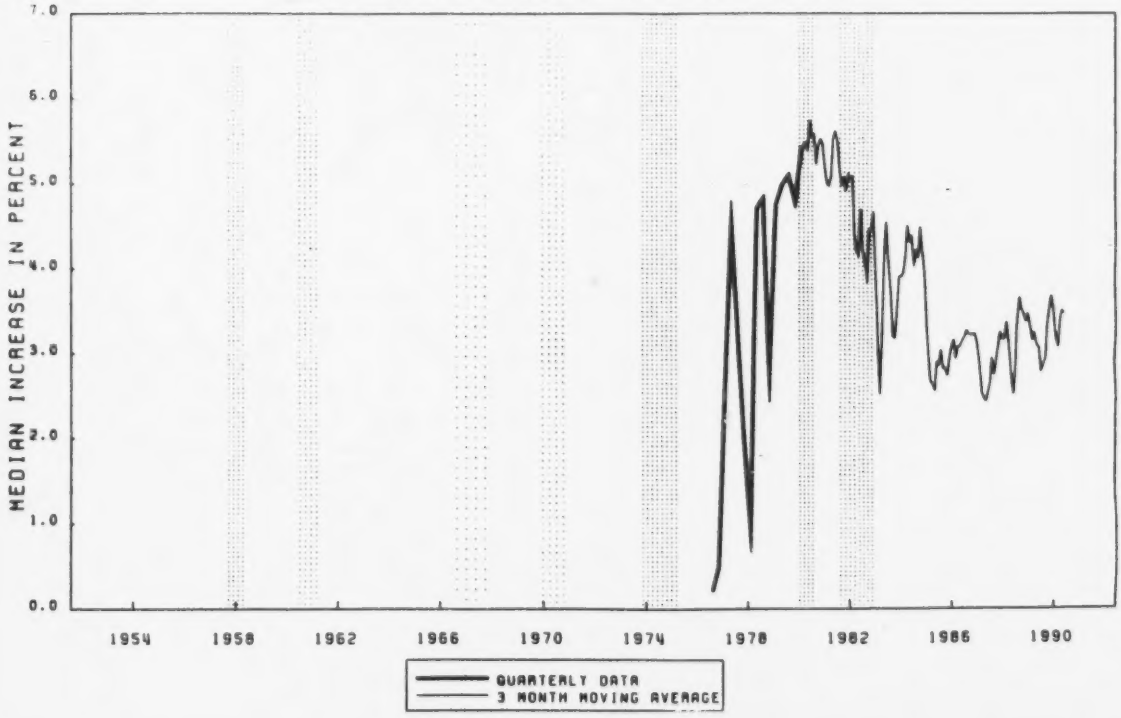


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
EXPECT INCREASE:													
1-4%	18%	15%	15%	16%	15%	23%	16%	18%	17%	15%	15%	16%	17%
5%	11	9	13	10	12	13	12	13	12	9	13	9	10
6-9%	6	6	8	7	7	7	8	7	6	9	7	8	9
10-24%	14	16	17	15	14	16	13	14	15	16	18	18	12
25% or more	6	6	6	5	9	7	7	5	5	4	8	7	9
DK how much up	5	6	3	5	4	6	5	5	3	5	4	5	3
EXPECT SAME	27	31	26	25	25	19	26	25	30	28	27	27	25
EXPECT DOWN	12	10	12	15	12	9	12	11	11	13	7	9	15
DK,NA	1	1	*	2	2	*	1	2	1	1	1	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES

INCOME OR PRICES UP MORE NEXT YEAR

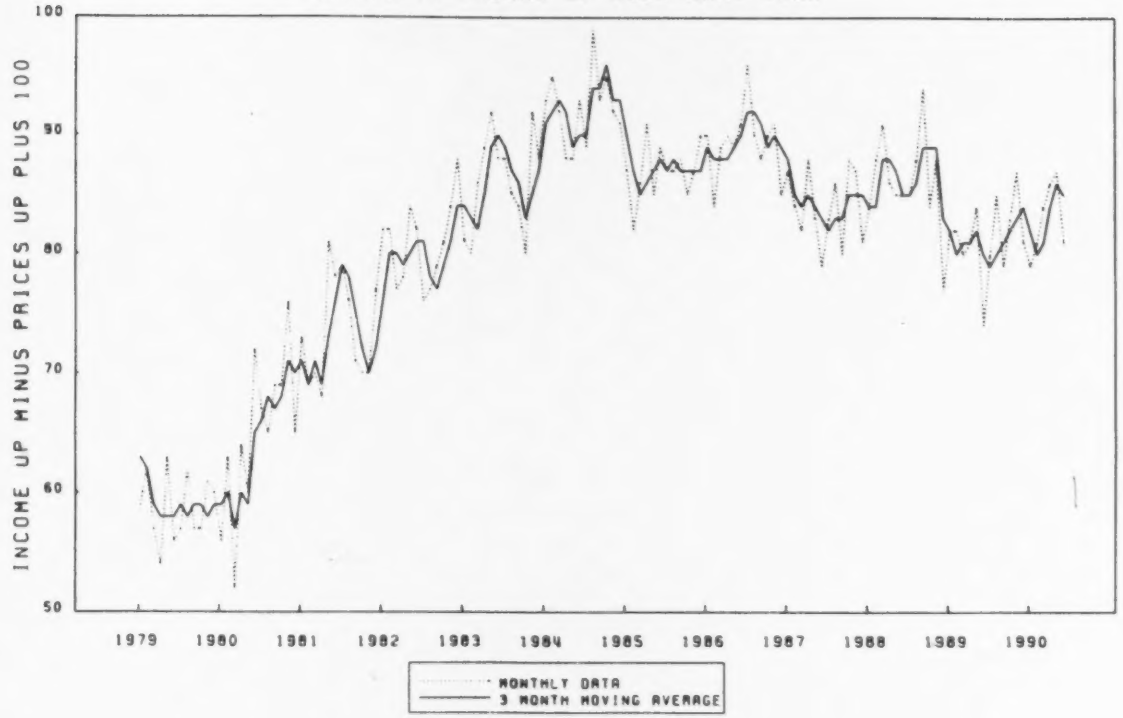


CHART 9 - HISTORICAL SERIES

INCOME OR PRICES UP MORE NEXT YEAR

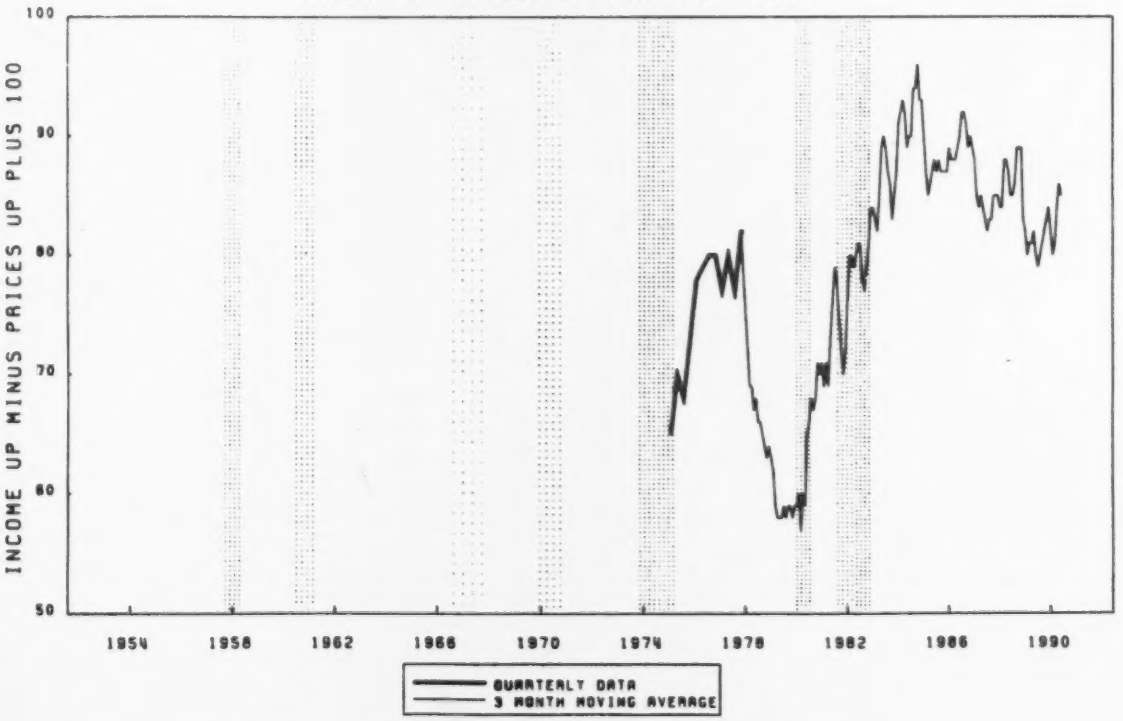


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
INCOME UP MORE	16%	19%	21%	19%	20%	22%	21%	17%	17%	20%	21%	19%	18%
INCOME UP SAME	39	40	39	39	41	42	36	42	44	42	42	48	44
PRICES UP MORE	42	39	36	40	37	35	40	38	36	36	35	32	37
DK,NA	3	2	4	2	2	1	3	3	3	2	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "How about the next year or two—do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

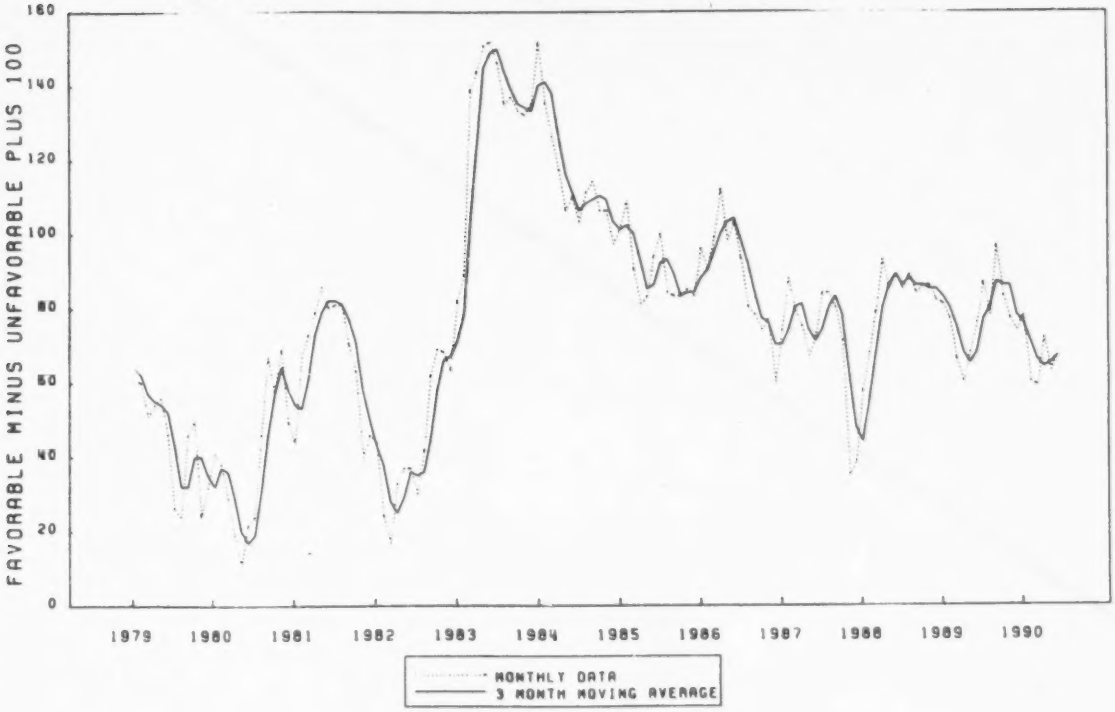


CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

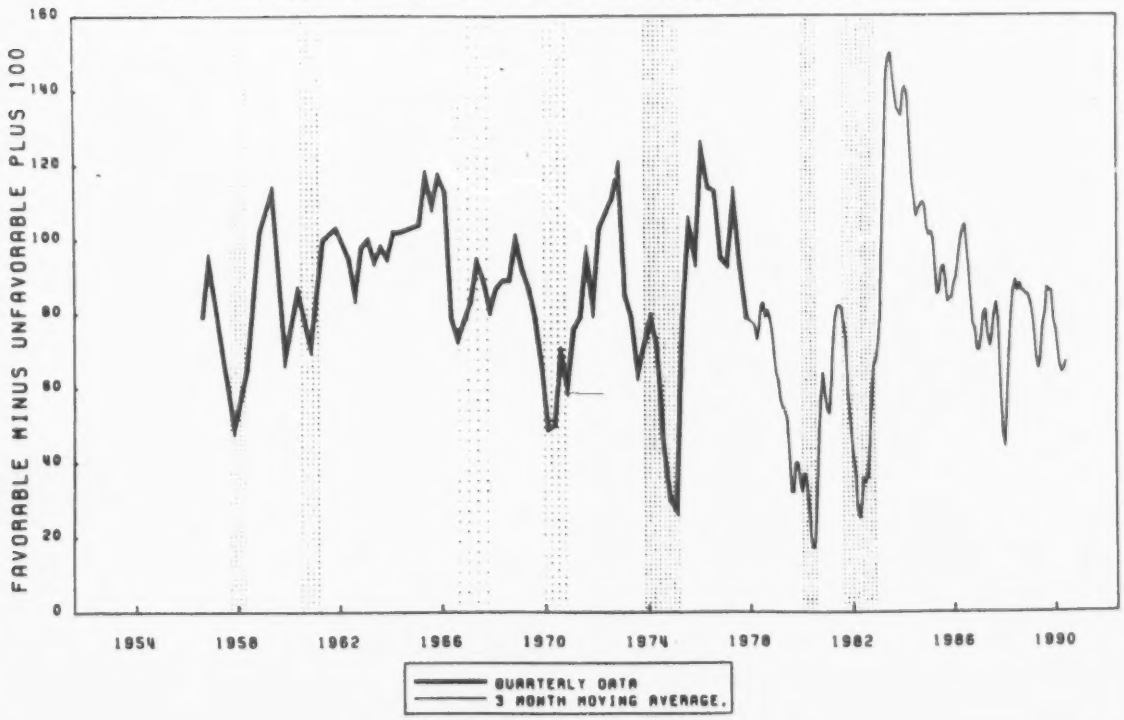


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
FAVORABLE NEWS	23%	28%	23%	29%	24%	22%	24%	26%	20%	21%	23%	18%	22%
UNFAVORABLE NEWS	47	41	45	32	41	45	50	48	60	62	51	55	55
NO MENTIONS	53	50	53	56	52	52	50	49	44	43	49	50	48

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

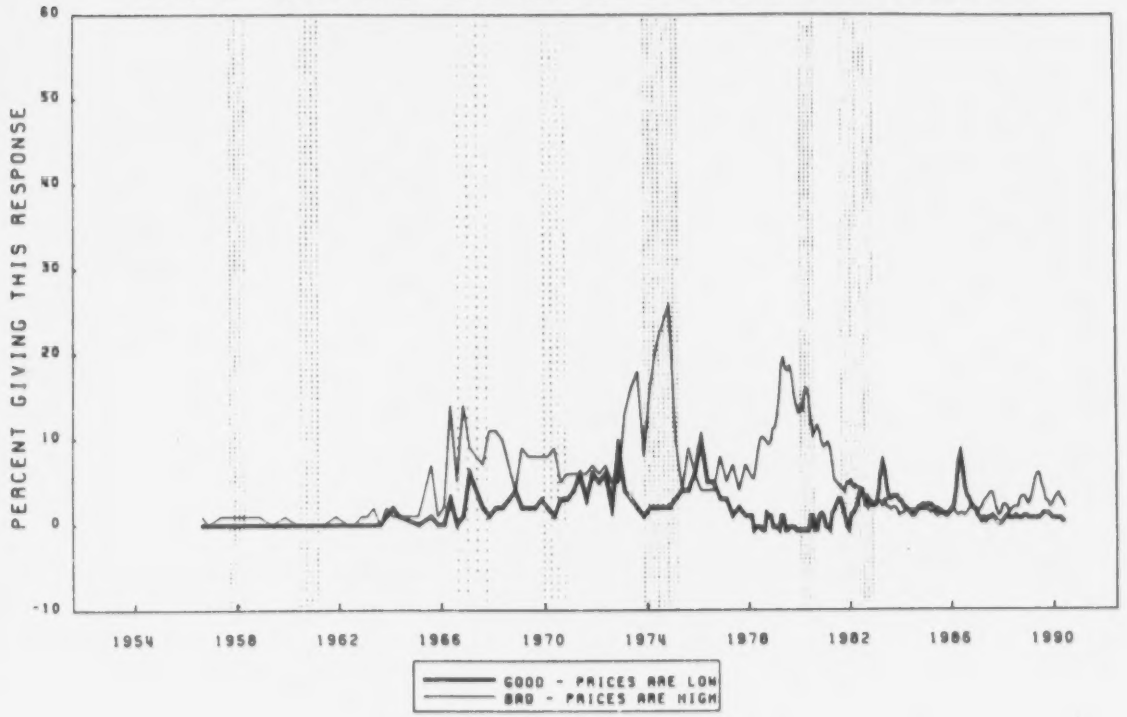


CHART 11B - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

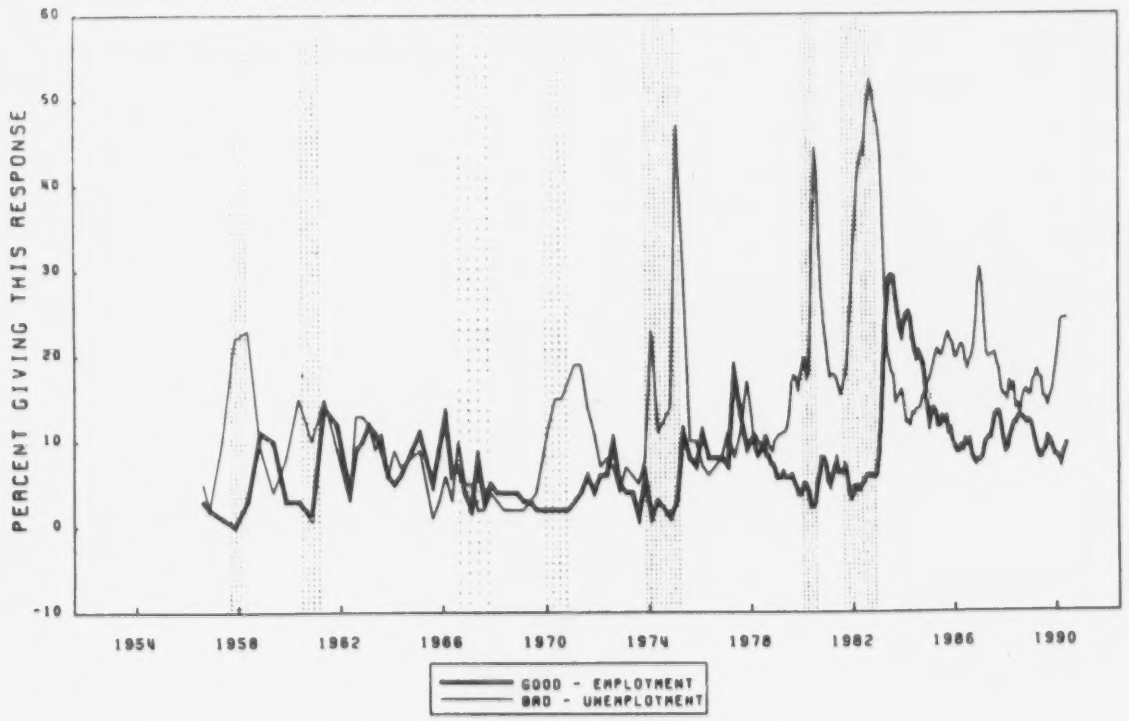


TABLE 11
SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
FAVORABLE NEWS:													
Government; elections	1%	*	2%	2%	1%	1%	3%	1%	2%	3%	1%	1%	2%
Employment	8	10	9	12	9	7	9	9	6	7	12	8	9
Higher consumer demand	1	2	1	1	1	2	2	1	1	2	2	1	1
Lower prices	1	1	2	1	1	1	*	1	1	*	1	*	*
Easier credit	4	6	5	4	3	3	1	6	3	1	1	2	2
Stock market	2	2	1	3	2	2	2	2	1	1	1	1	2
Trade deficit	*	1	1	1	1	1	3	2	2	2	2	1	1
UNFAVORABLE NEWS:													
Government; elections	4	5	3	4	2	3	5	3	6	6	3	8	6
Unemployment	17	13	15	14	16	17	19	21	24	27	22	24	27
Lower consumer demand	3	3	3	2	2	5	6	5	6	6	6	3	6
Higher prices	6	2	4	2	2	2	3	4	3	4	2	2	2
Tighter credit	5	3	2	1	1	1	2	1	3	3	2	3	2
Stock market	1	1	1	1	7	6	2	2	6	4	3	3	1
Trade deficit	3	5	3	2	2	2	5	2	3	4	5	2	3

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.
* : Less than half of one percent.

CHART 12 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

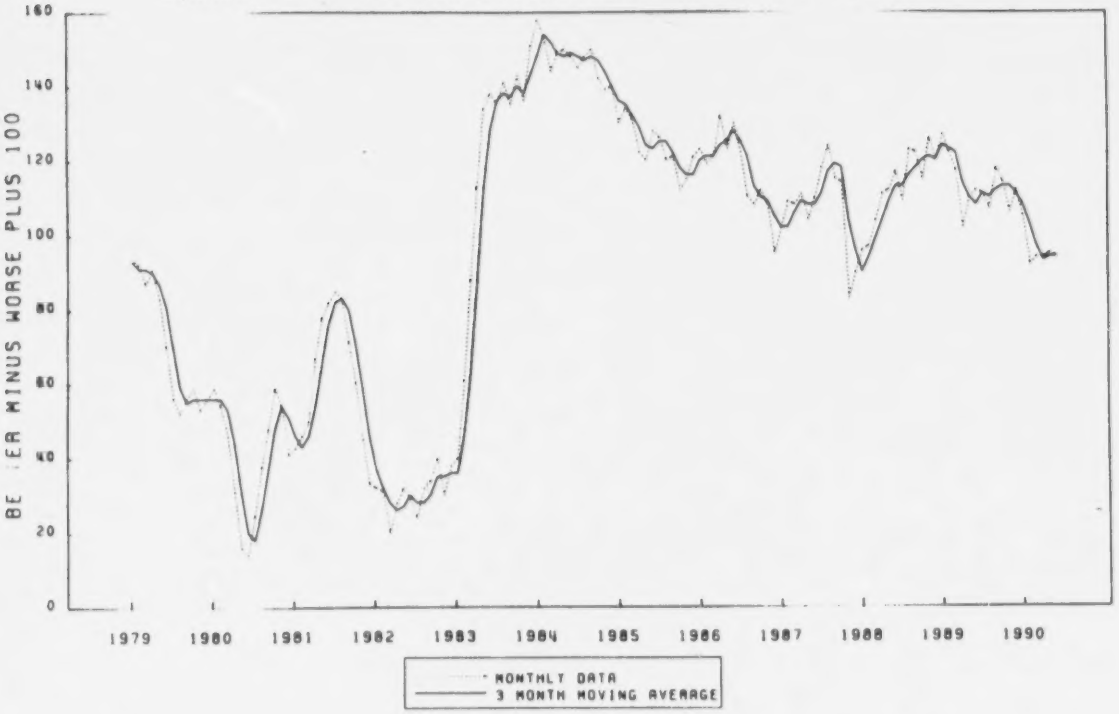


CHART 12 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

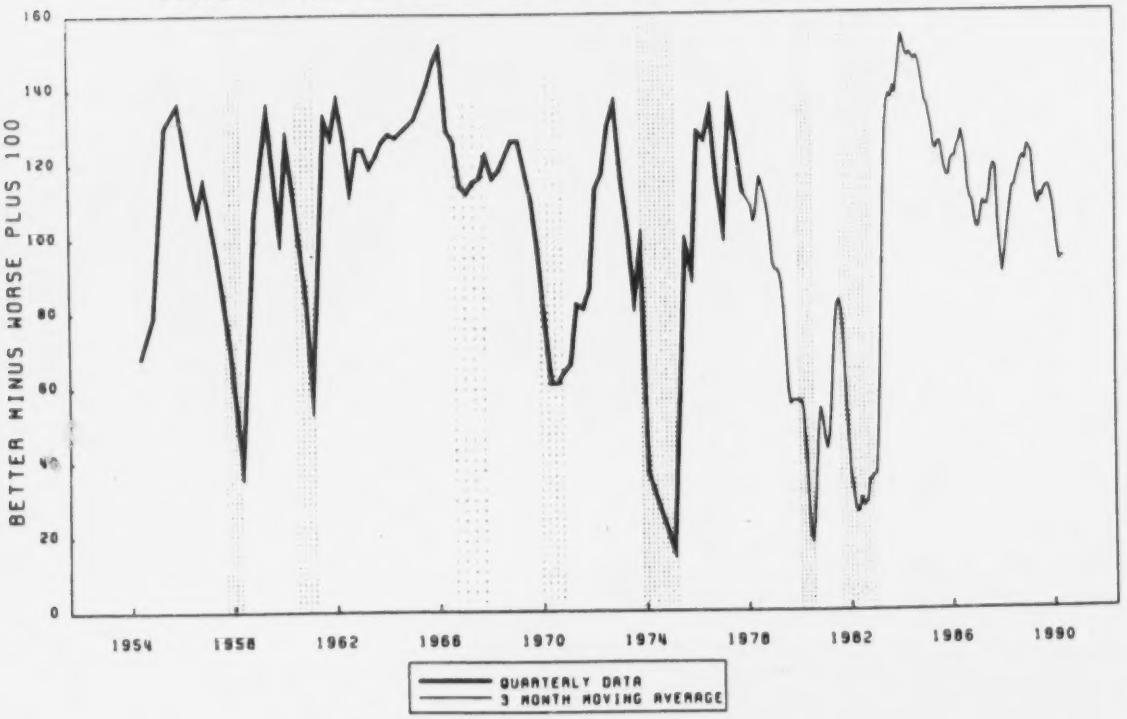


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
BETTER NOW	45%	43%	42%	48%	47%	42%	45%	43%	36%	36%	38%	36%	37%
SAME	18	22	21	19	19	19	19	16	17	20	17	19	18
WORSE NOW	33	32	35	30	33	36	33	38	44	42	44	41	43
DK,NA	4	3	2	3	1	3	3	3	3	2	1	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

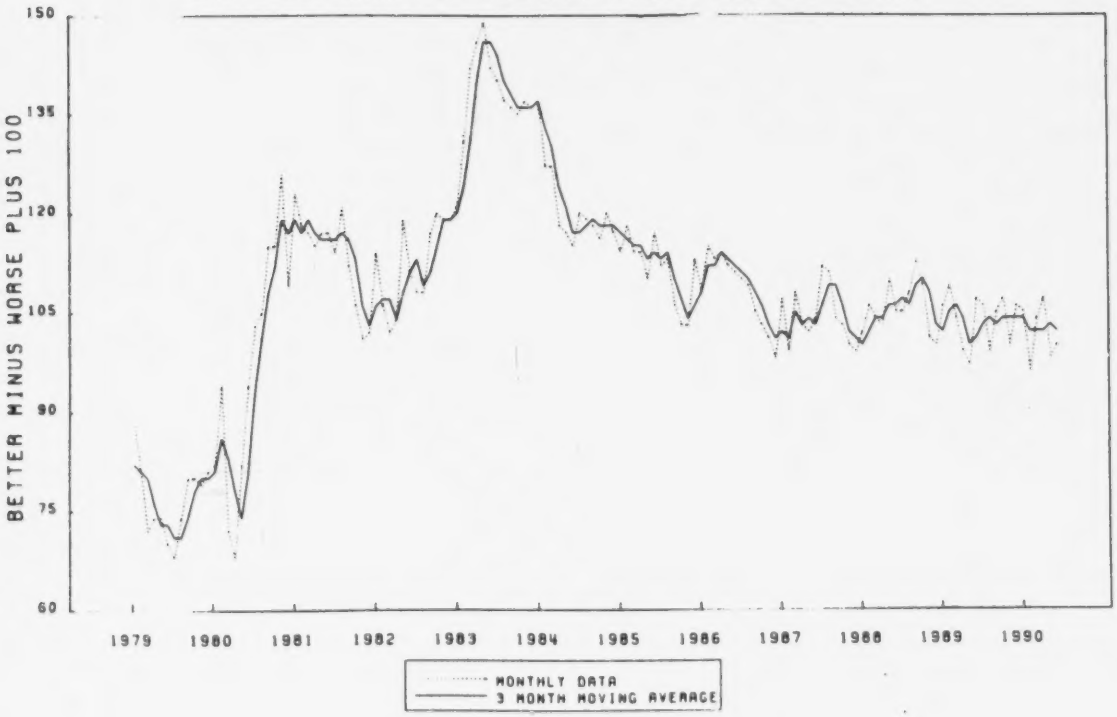


CHART 13 - HISTORICAL SERIES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

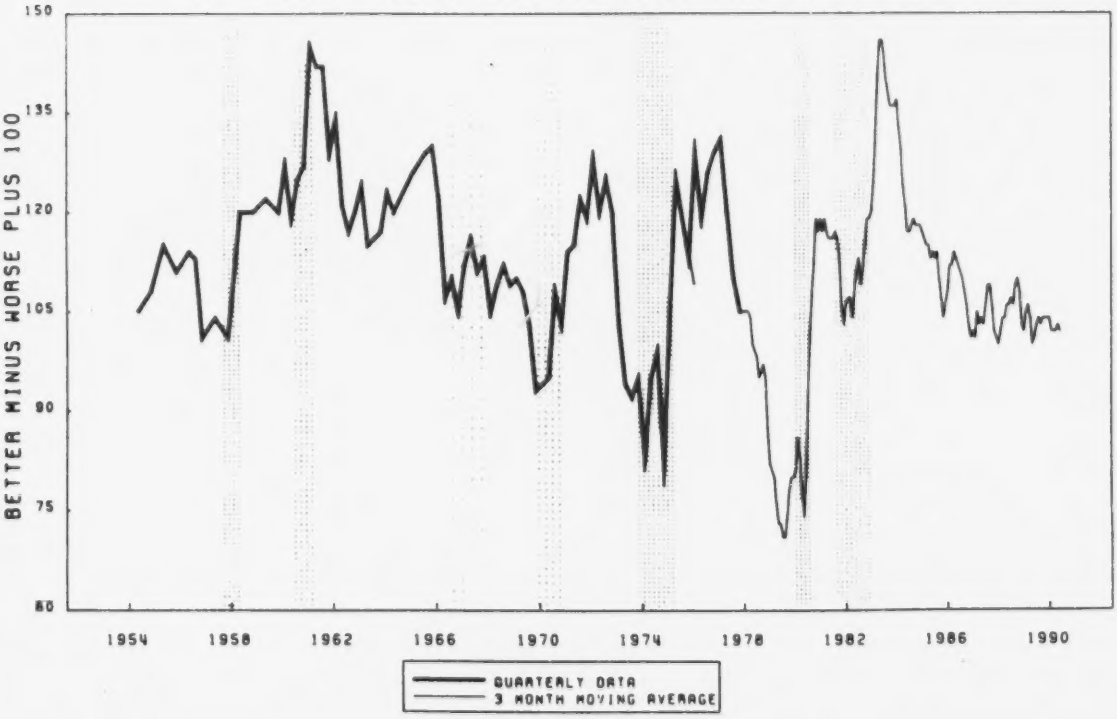


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
BETTER	24%	20%	18%	21%	22%	18%	24%	22%	19%	22%	24%	18%	20%
SAME	57	63	60	59	61	61	55	59	56	58	58	59	58
WORSE	17	14	19	16	15	18	18	17	23	18	17	20	20
DK,NA	2	3	3	4	2	3	3	2	2	2	1	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

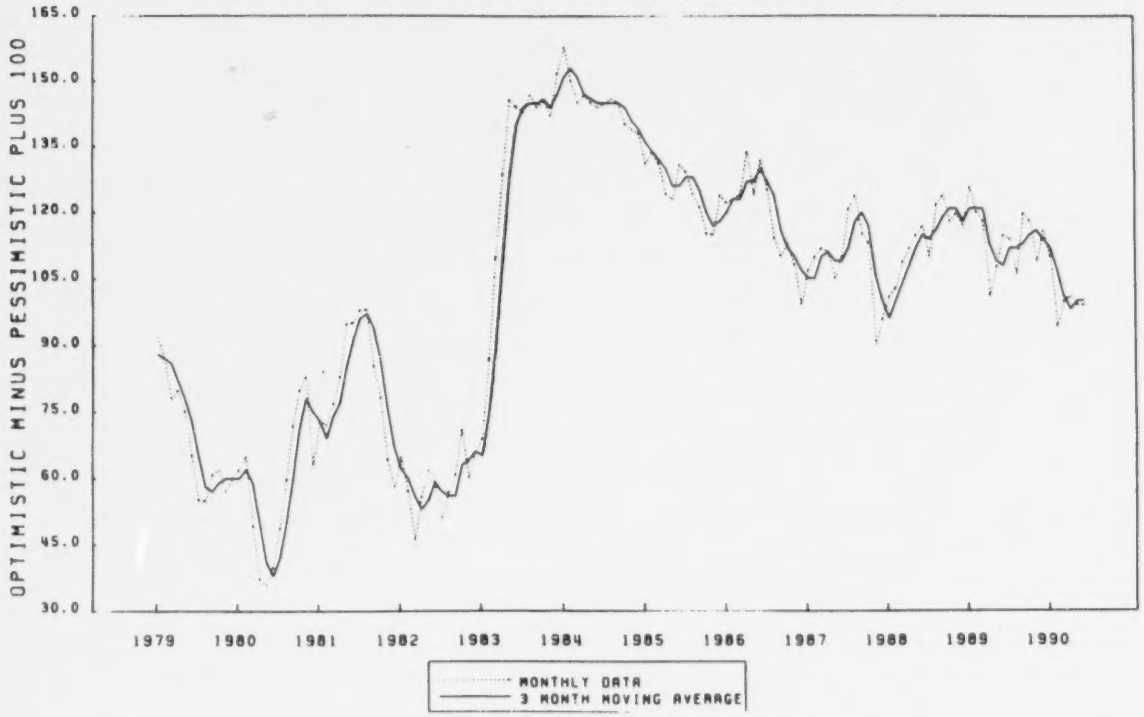


CHART 14 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

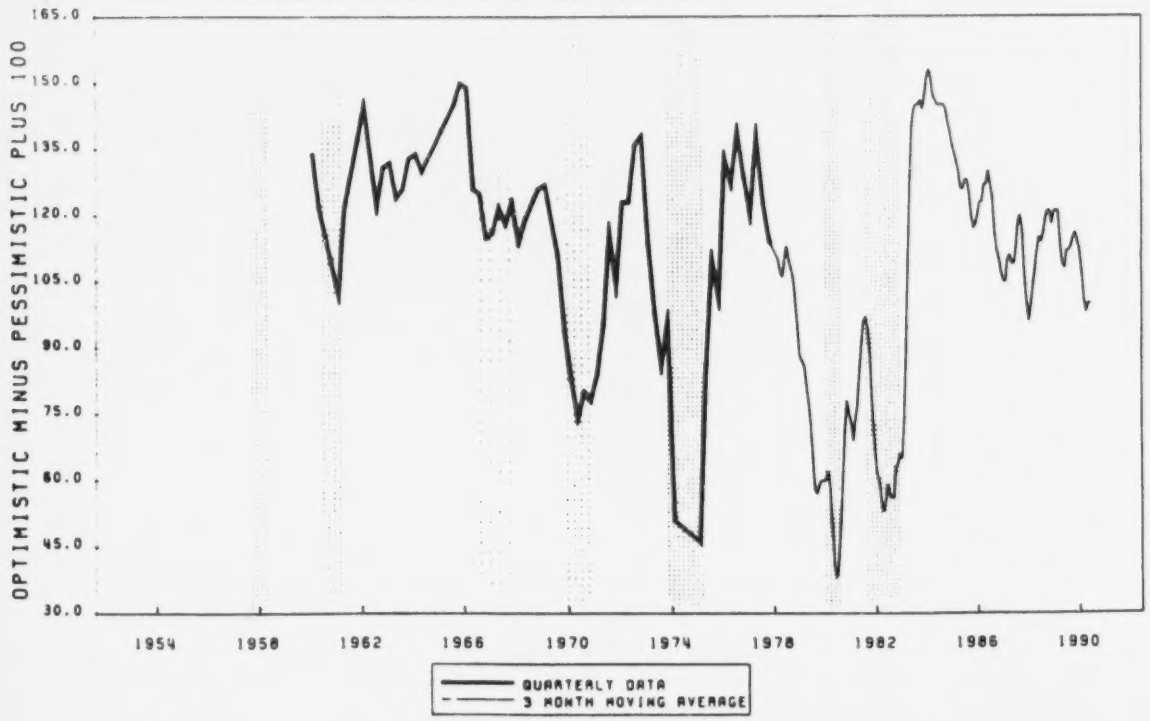


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
TREND:													
Continuous increase (a)	15%	14%	11%	14%	15%	10%	15%	14%	11%	10%	13%	8%	11%
Intermittant increase(b)	30	30	29	34	33	32	29	29	25	27	25	28	27
Remain unchanged (c)	12	16	14	12	13	13	13	12	10	12	12	12	11
Intermittant decline (d)	18	20	22	18	19	21	16	20	26	26	25	23	25
Continuous decline (e)	12	10	12	10	11	12	12	13	16	11	12	14	14
Mixed change (f)	6	4	7	6	5	6	10	8	8	10	11	9	9
DK,NA	7	6	5	6	4	6	5	4	4	4	2	6	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

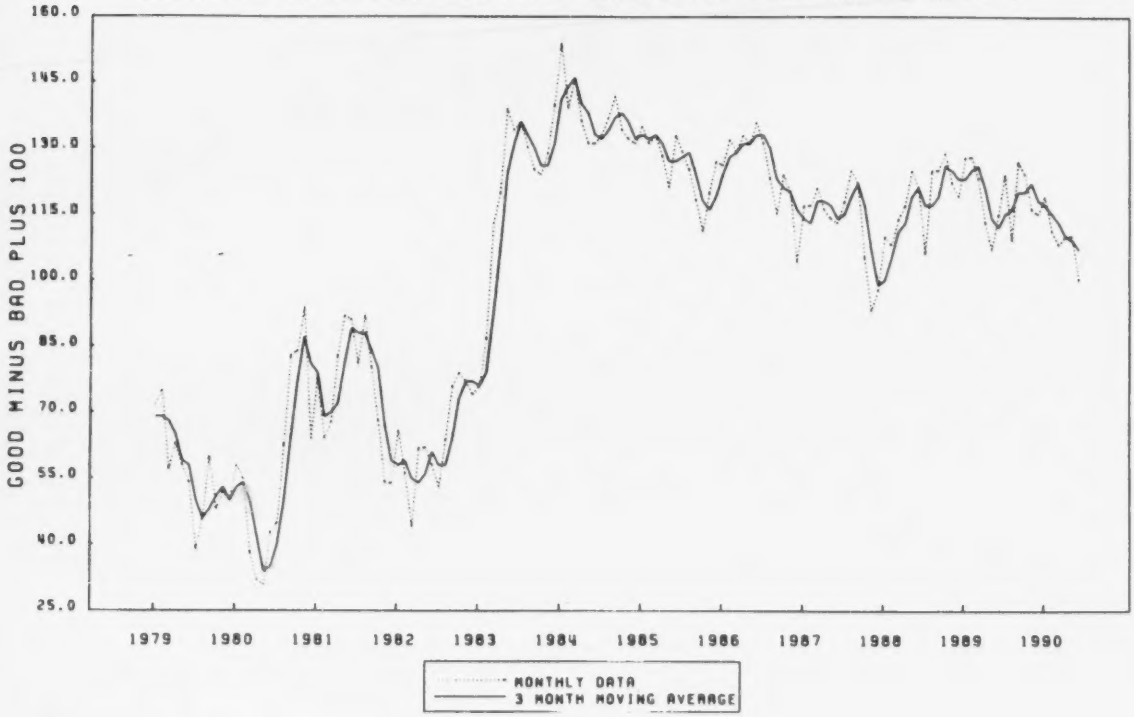


CHART 15 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

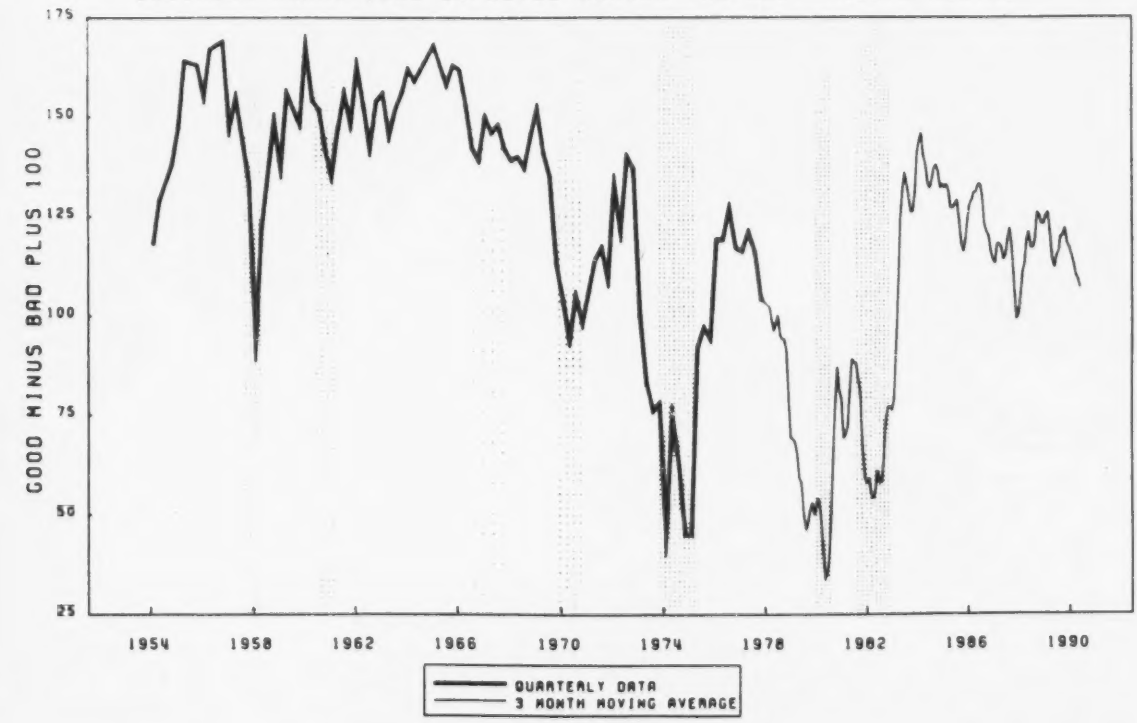


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
GOOD TIMES	48%	53%	46%	55%	53%	50%	49%	52%	46%	48%	49%	47%	43%
UNCERTAIN; GOOD & BAD	5	4	6	4	5	4	2	3	6	3	4	4	3
BAD TIMES	33	29	37	28	29	34	34	33	35	40	39	37	43
DON'T KNOW	9	7	4	6	8	7	7	6	7	5	4	6	5
NOT ASCERTAINED	5	7	7	7	5	5	8	6	6	4	4	6	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "Now turning to business conditions in the country as a whole—do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

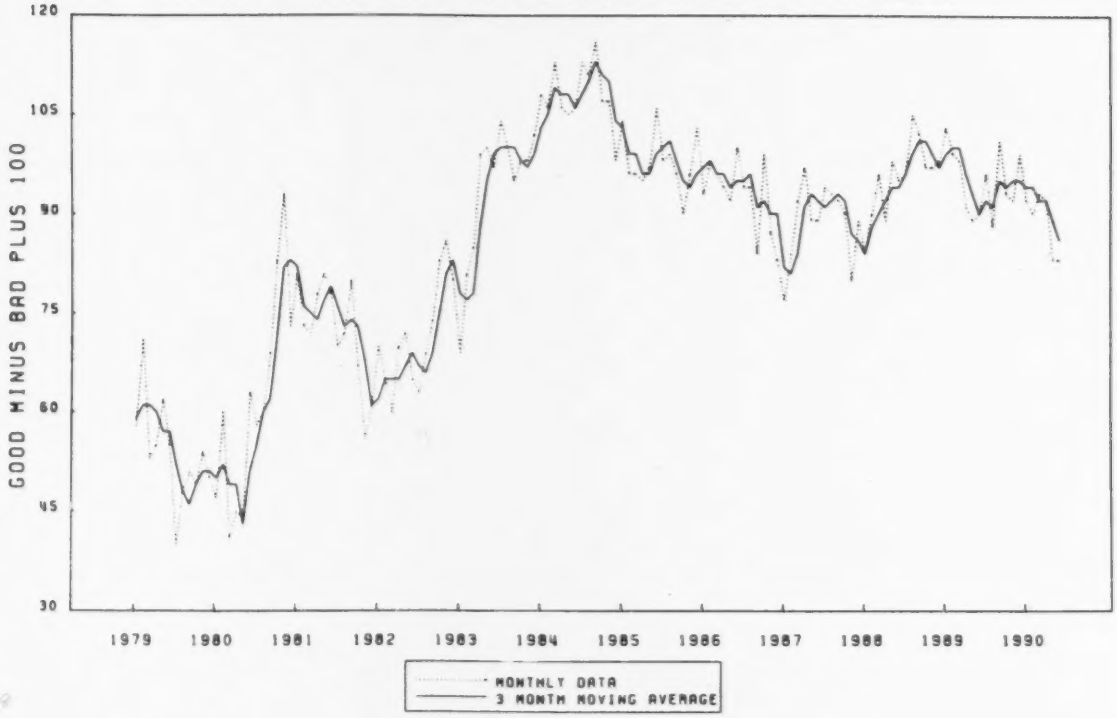


CHART 16 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

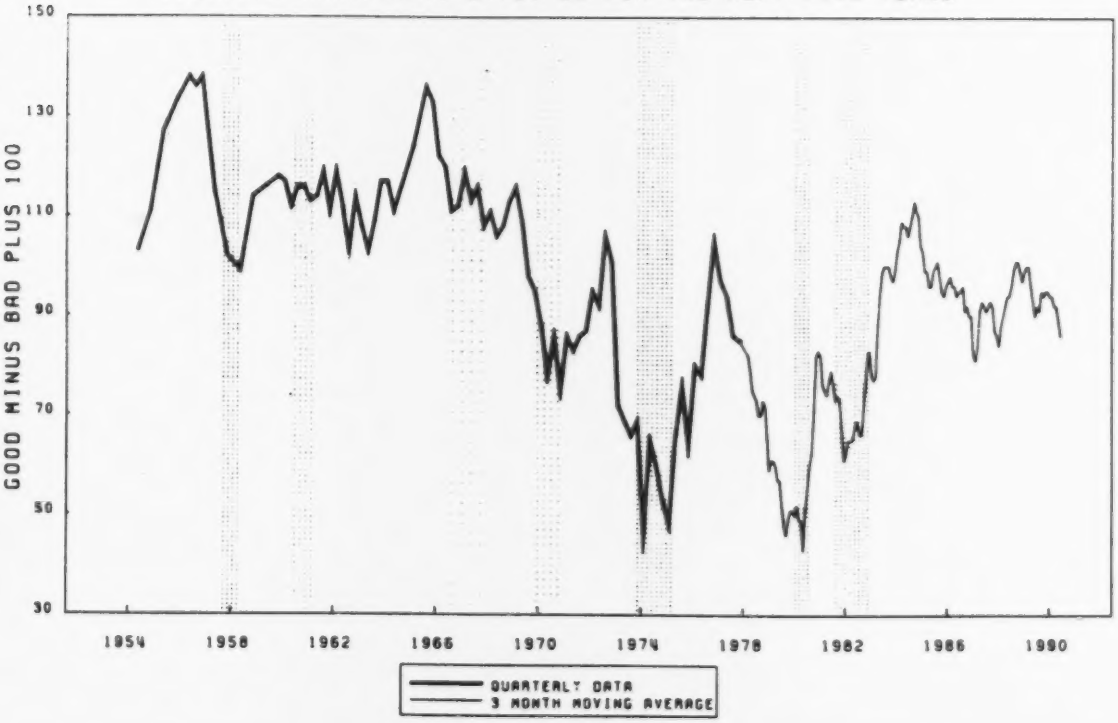


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
GOOD TIMES	37%	39%	33%	41%	36%	38%	39%	37%	36%	40%	39%	32%	31%
UNCERTAIN; GOOD & BAD	12	13	13	13	14	13	15	12	11	10	11	12	12
BAD TIMES	47	43	45	40	43	46	40	45	46	47	47	49	48
NOT ASCERTAINED	4	5	9	6	7	3	6	6	7	3	3	7	9
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "Looking ahead, which would you say is more likely—that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES

EXPECTED CHANGE IN UNEMPLOYMENT

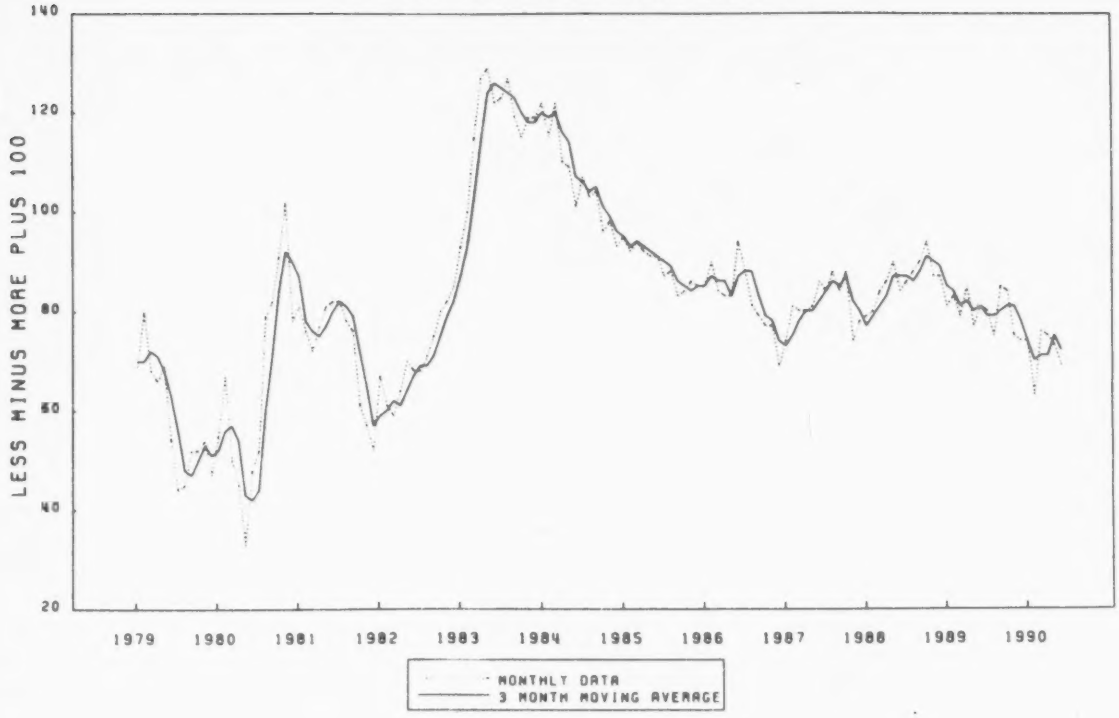


CHART 17 - HISTORICAL SERIES

EXPECTED CHANGE IN UNEMPLOYMENT

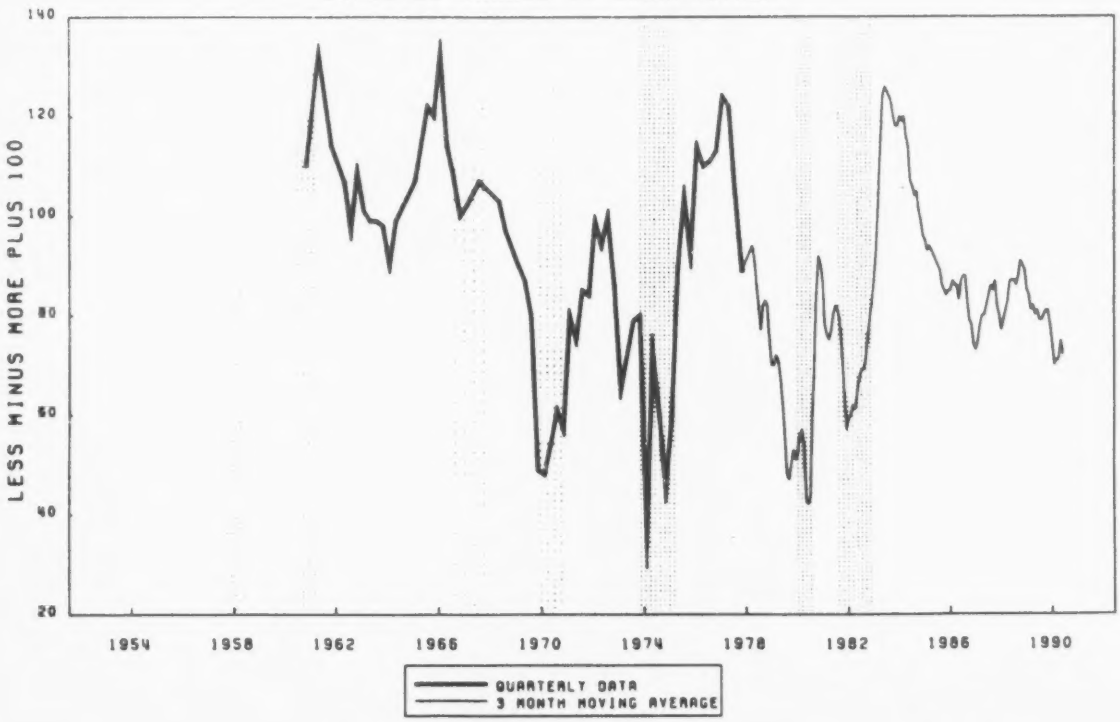


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
LESS	10%	11%	10%	11%	14%	10%	11%	10%	7%	10%	11%	10%	8%
SAME	59	57	54	61	55	54	51	52	48	55	52	52	52
MORE	29	31	35	26	30	35	37	36	44	34	36	37	39
DK,NA	2	1	1	2	1	1	1	2	1	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "How about people out of work during the coming 12 months—do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

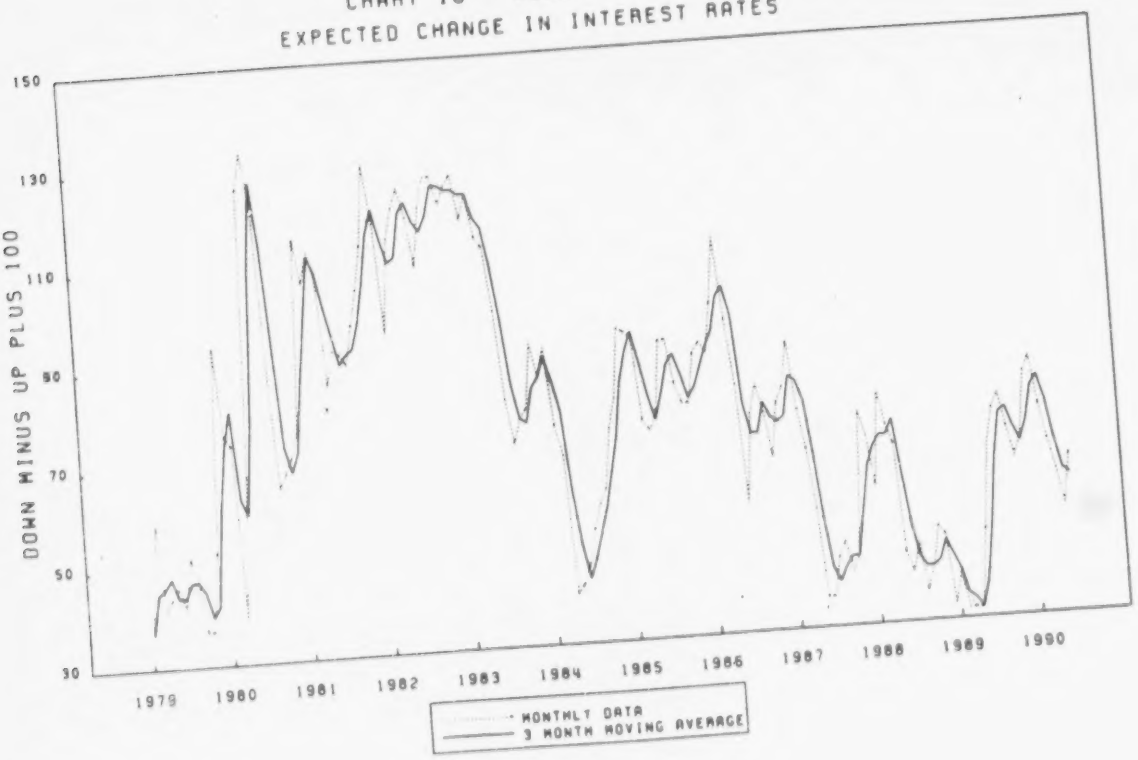


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

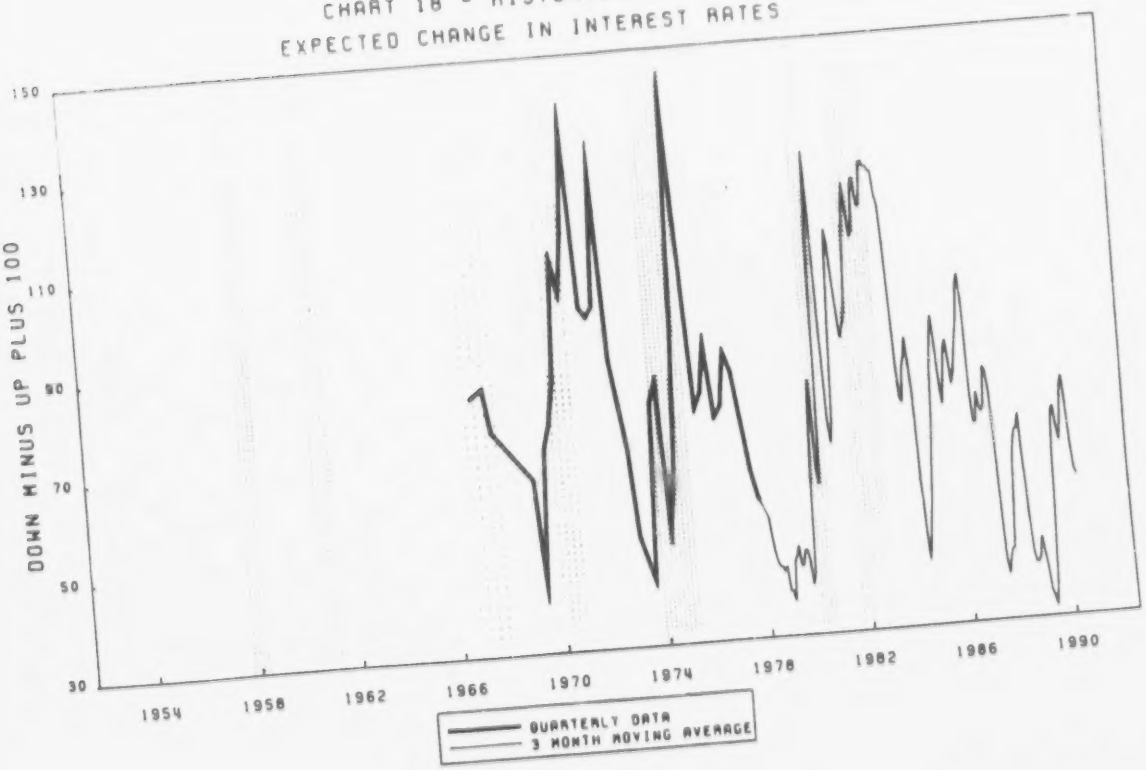


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
GO UP	54%	51%	49%	50%	55%	52%	46%	45%	48%	51%	55%	58%	56%
STAY THE SAME	24	25	24	30	26	27	26	26	29	32	29	30	23
GO DOWN	19	23	24	18	17	18	25	27	20	16	14	10	18
DK,NA	3	1	3	2	2	3	3	2	3	1	2	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months—will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

CHART 19 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

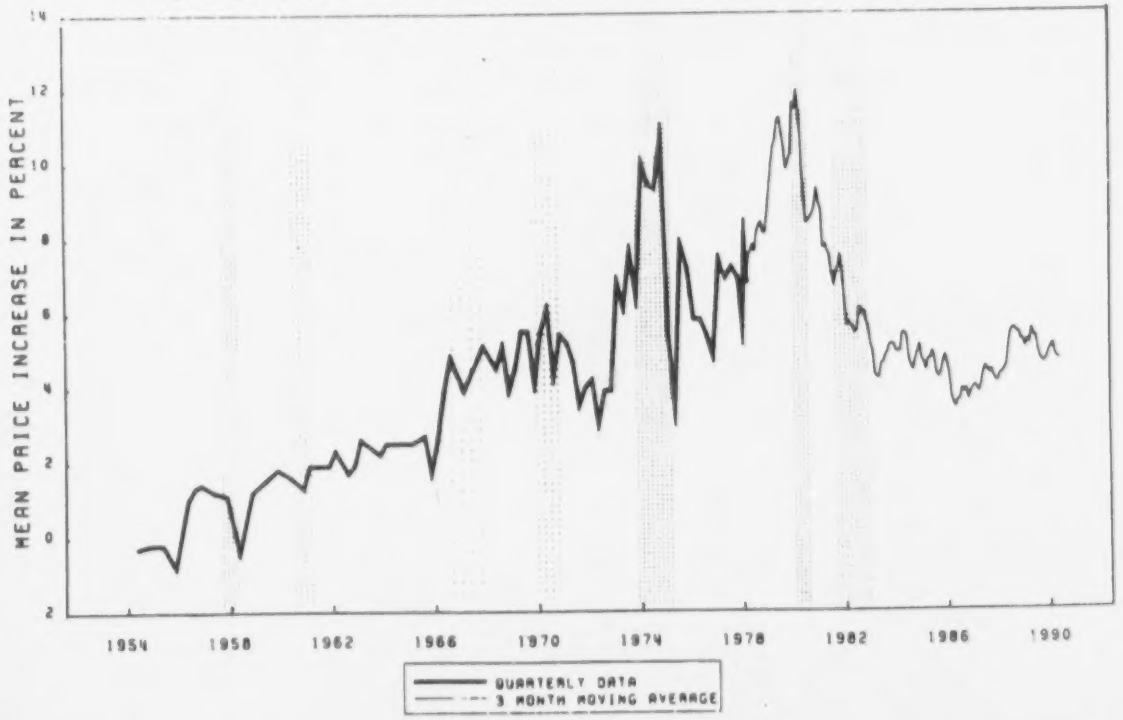


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
SAME OR DOWN	10%	10%	13%	13%	12%	12%	10%	11%	15%	11%	11%	11%	11%
WILL GO UP BY:													
1-2%	18	18	18	21	19	17	21	14	13	18	20	19	18
3-4%	24	21	23	24	23	26	21	24	23	24	24	22	25
5%	19	22	21	21	19	19	23	21	22	20	22	22	24
6-9%	9	9	6	6	9	7	10	8	10	8	7	9	7
10-14%	10	8	9	6	8	8	5	10	8	8	7	8	7
15% or more	5	5	3	3	3	4	5	5	4	5	4	3	4
DK how much up	5	6	6	5	5	6	5	5	5	6	5	6	3
DK,NA	*	1	1	1	2	1	*	2	*	*	*	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	5.0	5.1	4.7	4.4	4.7	4.7	4.6	5.4	5.1	4.9	4.5	4.6	4.9
VARIANCE	34	39	42	32	32	31	28	49	45	38	26	30	37
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

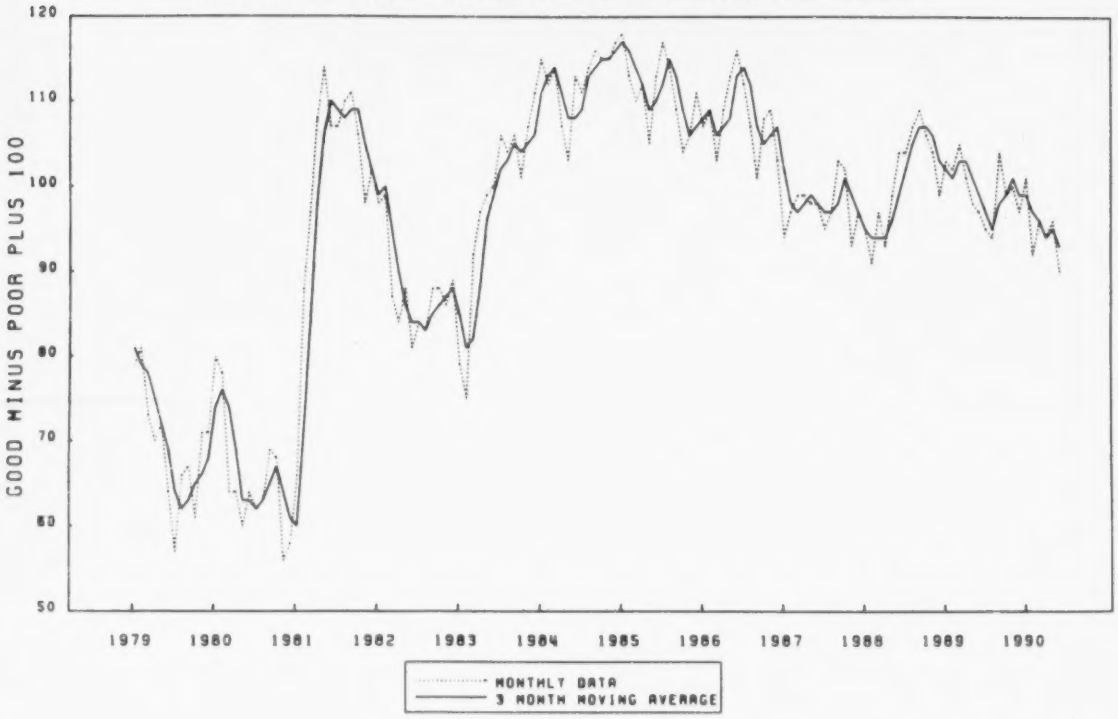


CHART 20 - HISTORICAL SERIES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

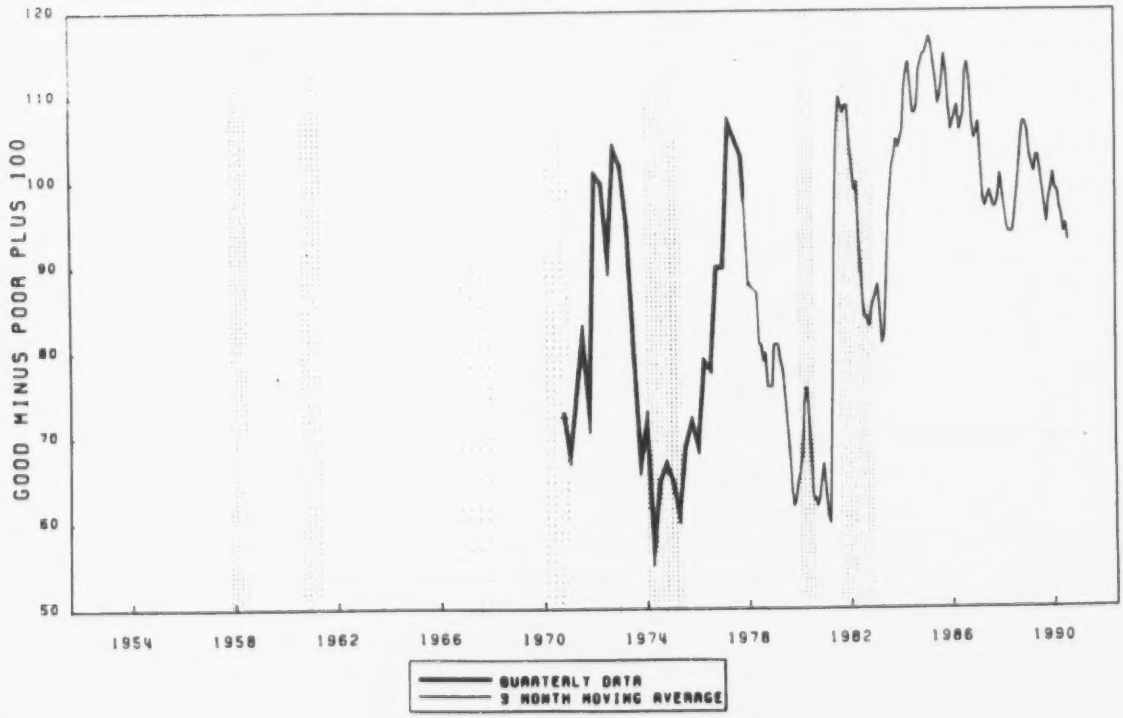


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
A GOOD JOB	20%	18%	18%	21%	18%	17%	20%	18%	17%	19%	17%	19%	16%
ONLY FAIR	55	56	56	60	61	64	55	63	57	56	59	55	56
A POOR JOB	23	23	24	17	19	17	23	17	25	23	23	23	26
DK,NA	2	3	2	2	2	2	2	2	1	2	1	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "As to the economic policy of the government—I mean steps taken to fight inflation or unemployment—would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

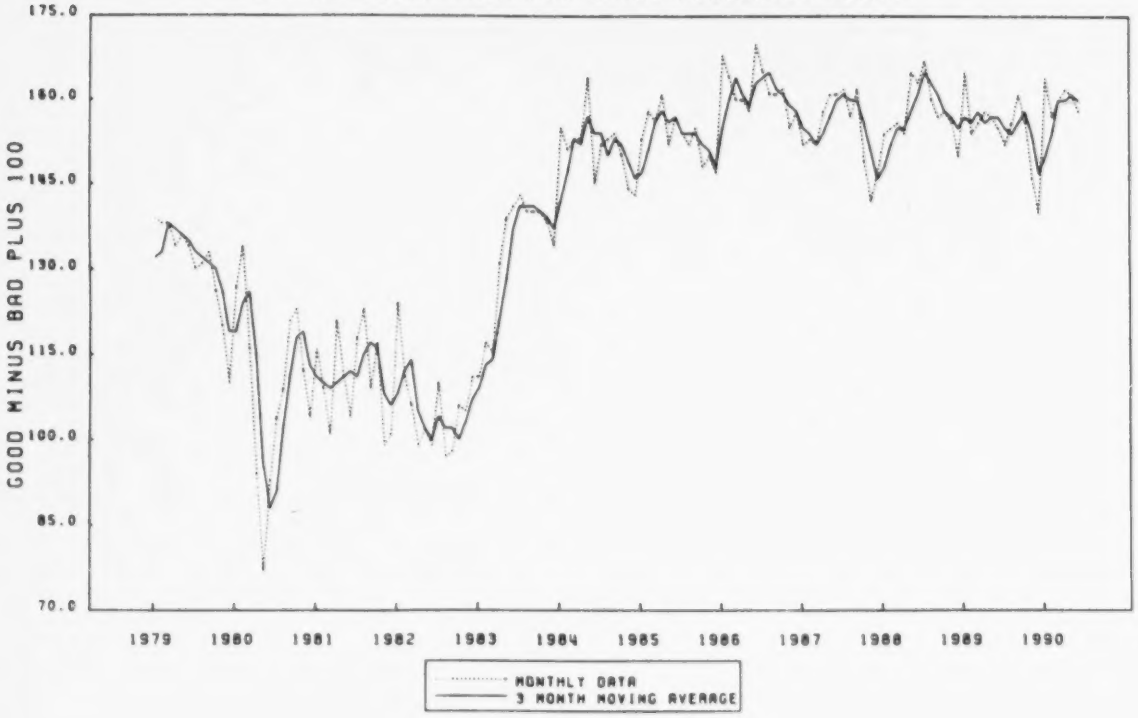


CHART 21 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

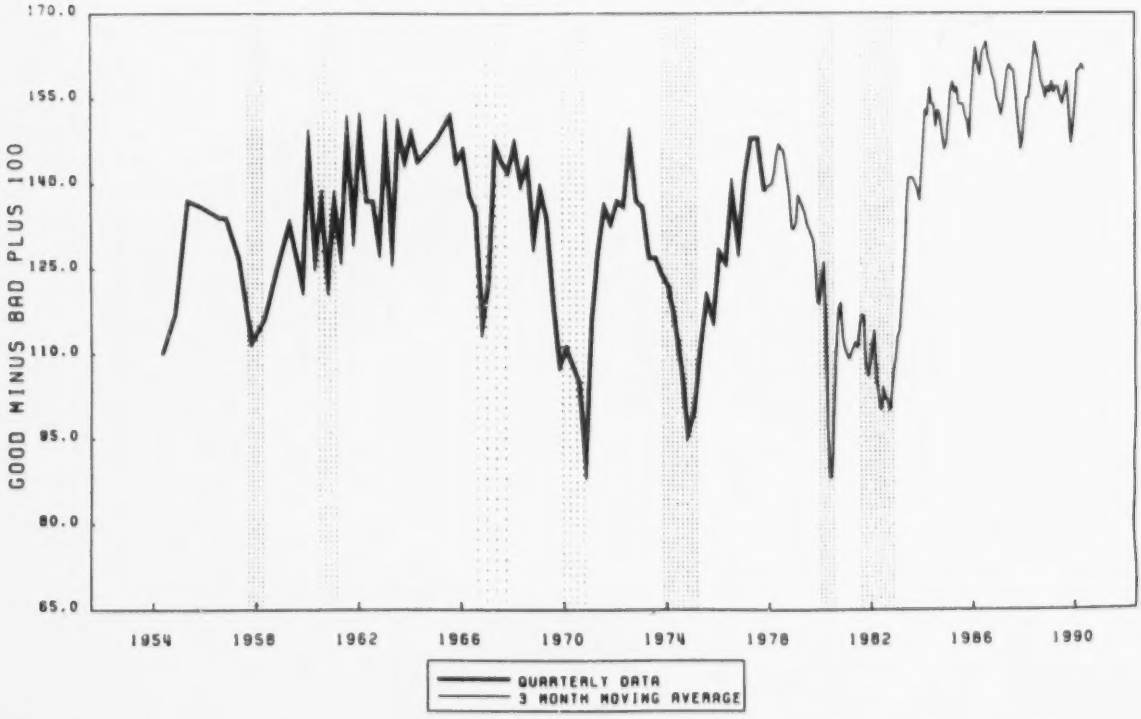


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
GOOD TIME TO BUY	71%	71%	73%	75%	73%	67%	65%	77%	74%	76%	78%	75%	75%
UNCERTAIN, DEPENDS	13	10	10	11	10	12	10	10	9	8	6	11	8
BAD TIME TO BUY	16	19	17	14	17	21	25	13	17	16	16	14	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "About the big things people buy for their homes—such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

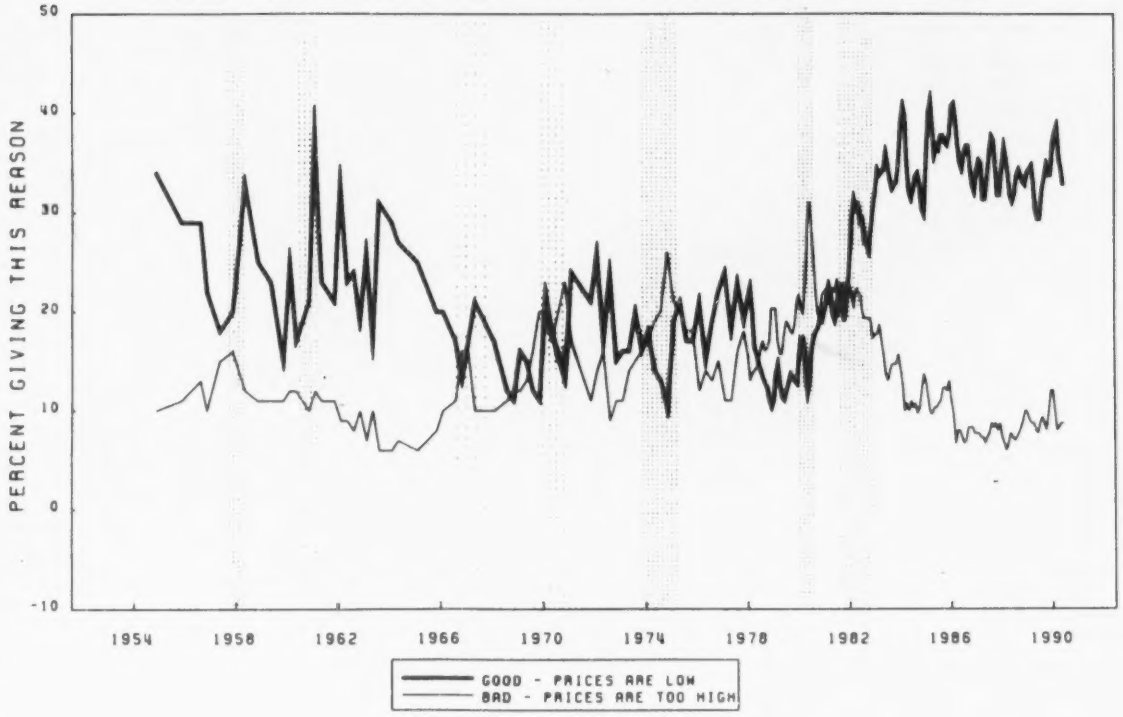


CHART 22B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

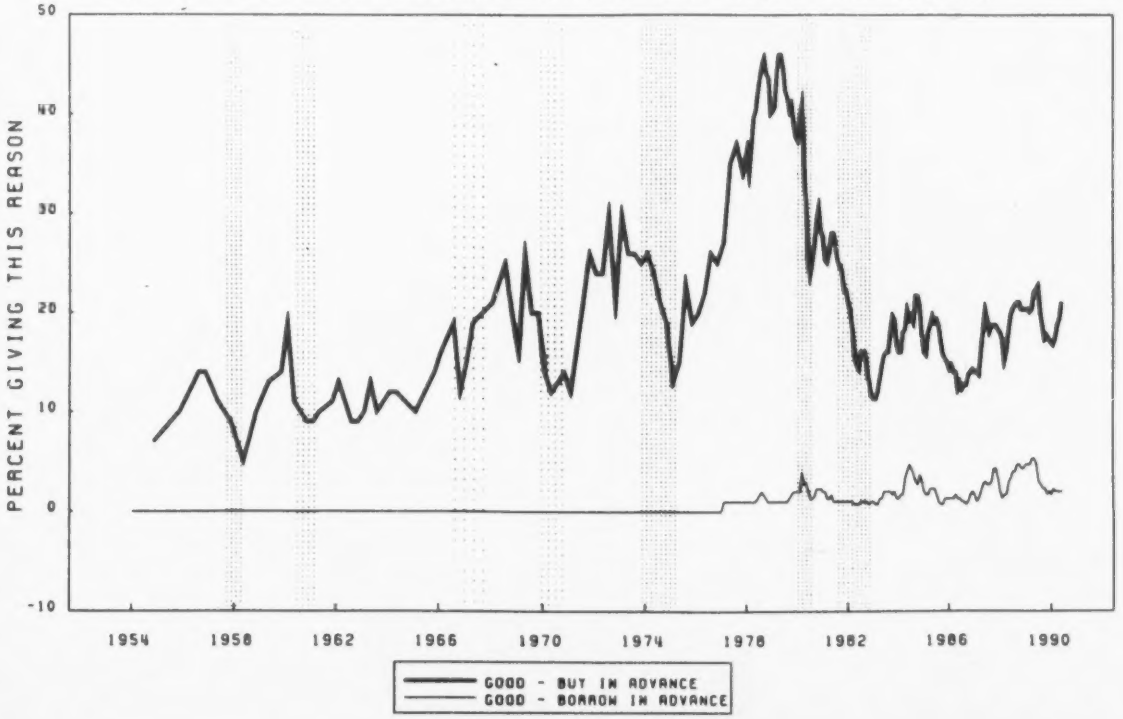


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS+

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
GOOD TIME TO BUY:													
Prices are low; good buys available	30%	31%	35%	34%	35%	32%	34%	45%	35%	36%	35%	32%	31%
Prices won't come down; are going higher	21	23	16	17	19	17	16	18	16	18	22	18	23
Interest rates are low	5	7	7	7	5	7	5	5	5	8	5	5	6
Borrow-in-advance of rising interest rates	3	2	3	2	2	1	3	1	3	2	1	3	2
Times are good; prosperity	6	5	2	8	6	4	3	4	4	8	4	5	4
BAD TIME TO BUY:													
Prices are high	9	10	9	7	8	14	14	8	8	8	9	9	8
Interest rates are high; credit is tight	6	4	4	2	3	3	4	2	3	3	2	5	3
Times are bad; can't afford to buy	3	3	2	4	4	5	5	2	6	5	4	2	5
Bad times ahead; uncertain future	3	3	3	2	2	1	3	2	2	3	1	3	2

Responses to the query: "Why do you say so?" following the question on Table 21.
+ : May add to more than 100% due to multiple mentions.

CHART 22C - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

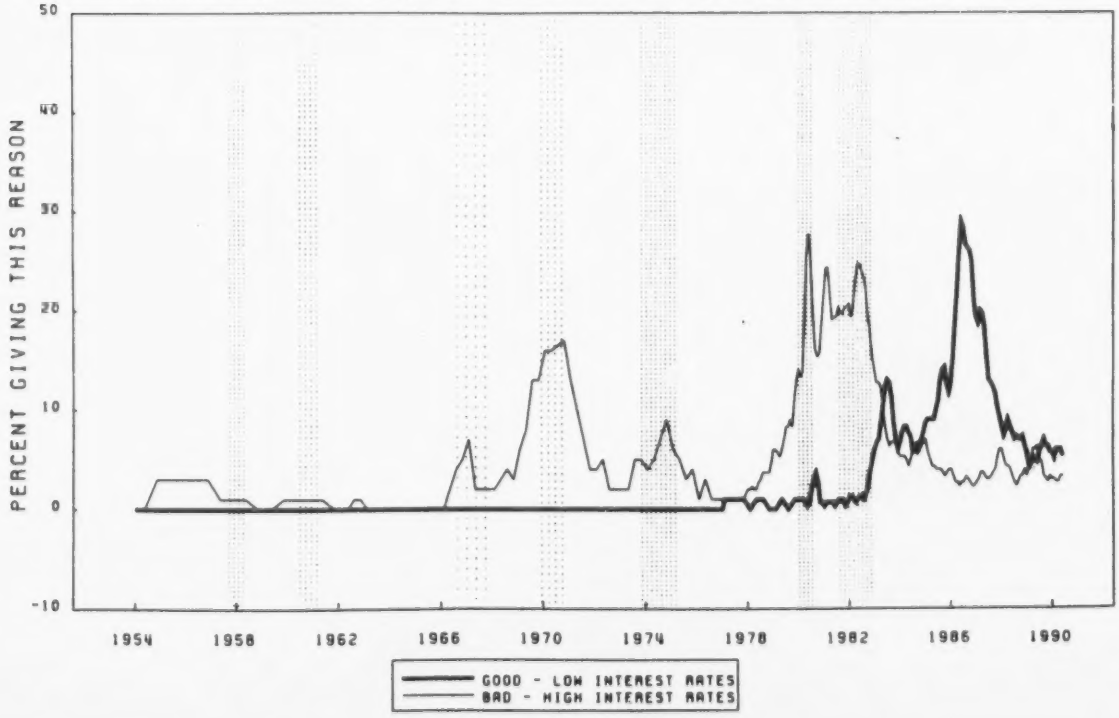


CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

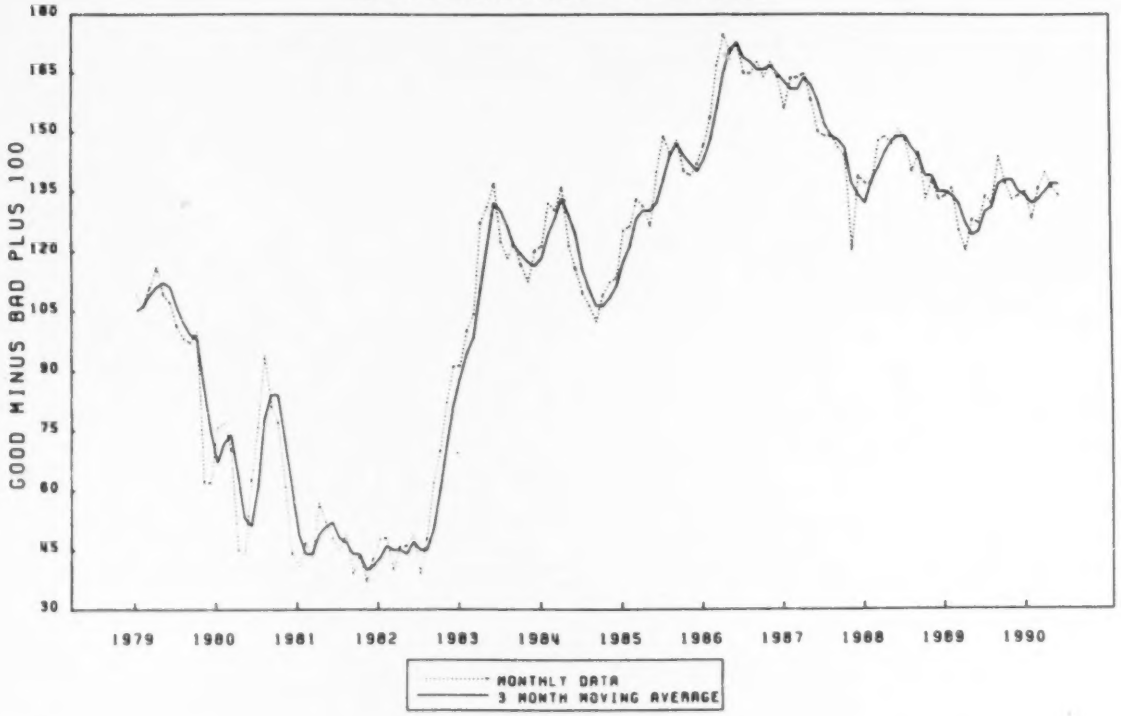


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

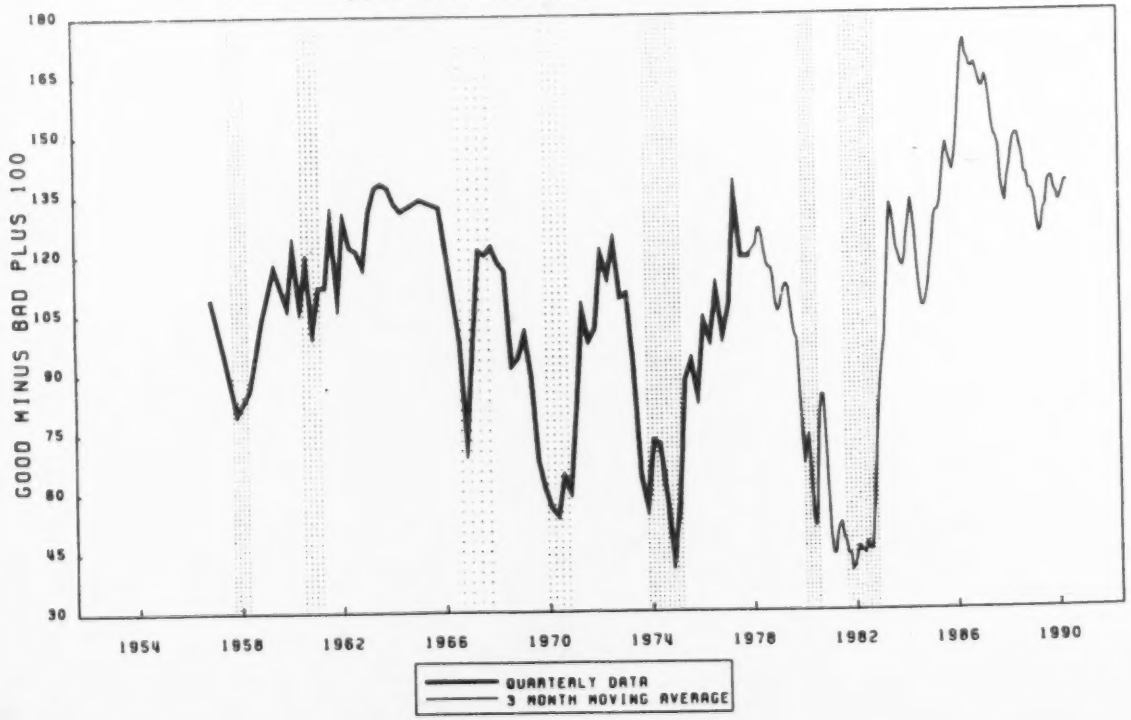


TABLE 23

BUYING CONDITIONS FOR HOUSES

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
GOOD TIME TO BUY	61%	64%	64%	70%	66%	63%	64%	64%	62%	66%	68%	66%	65%
UNCERTAIN, DEPENDS	5	6	4	4	5	7	6	7	4	4	4	4	4
BAD TIME TO BUY	34	30	32	26	29	30	30	29	34	30	28	30	31
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

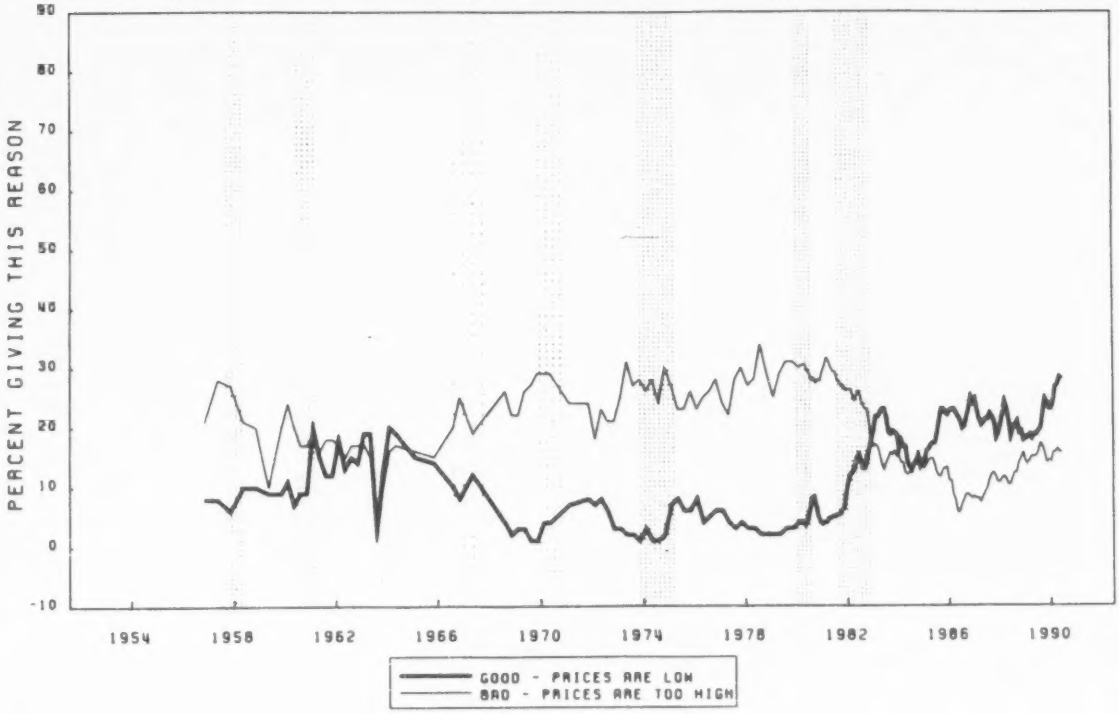


CHART 24B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

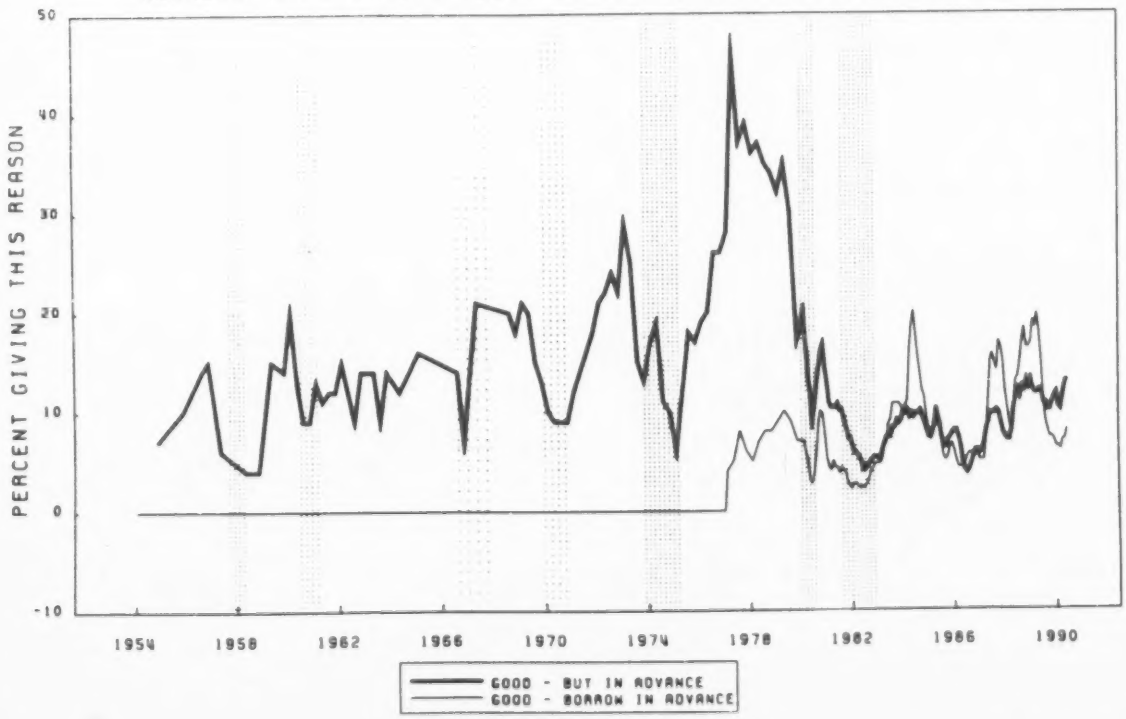


TABLE 24
SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
GOOD TIME TO BUY:													
Prices are low; good buys available	17%	19%	23%	25%	26%	21%	22%	26%	25%	29%	27%	29%	28%
Prices won't come down; are going higher	12	9	11	10	9	13	12	10	9	11	14	13	12
Interest rates are low	22	27	28	36	29	29	26	31	25	28	25	17	24
Borrow-in-advance of rising interest rates	11	8	8	8	6	8	7	4	8	6	7	8	9
Good investment	9	8	6	7	6	8	8	8	6	6	9	7	9
Times are good; prosperity	3	5	3	4	5	2	3	2	3	4	5	4	1
BAD TIME TO BUY:													
Prices are high	16	18	18	14	15	13	15	14	18	15	16	16	15
Interest rates are high; credit is tight	23	15	15	14	13	15	17	13	18	18	14	14	19
Times are bad; can't afford to buy	5	6	6	6	6	8	6	6	8	5	7	6	4
Bad times ahead; uncertain future	2	2	2	2	1	2	3	4	2	4	1	2	5

Responses to the query: "Why do you say so?" following the question on Table 23.
+ : May add to more than 100% due to multiple mentions.

CHART 24C - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

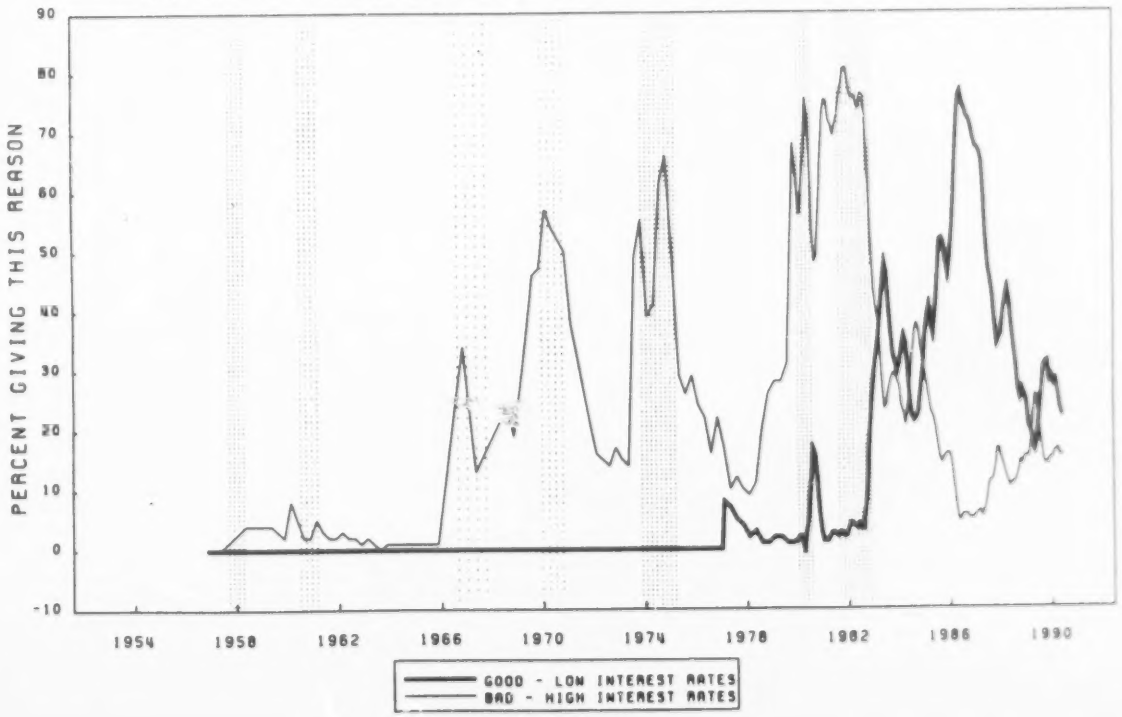


CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

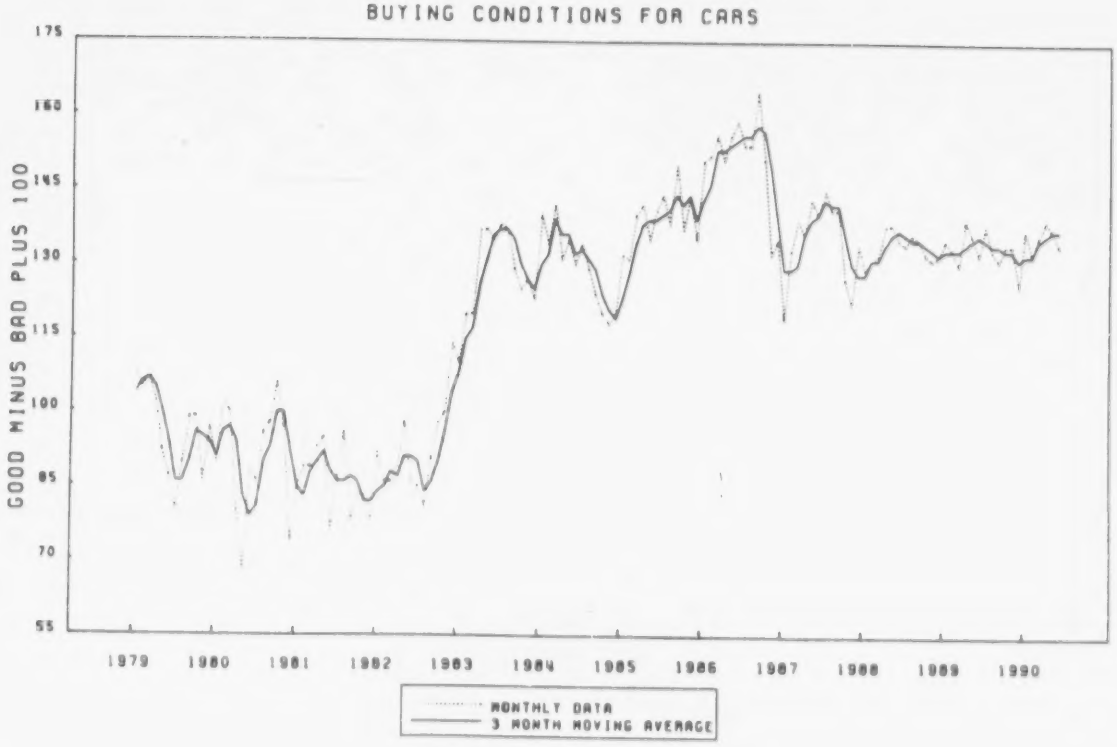


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

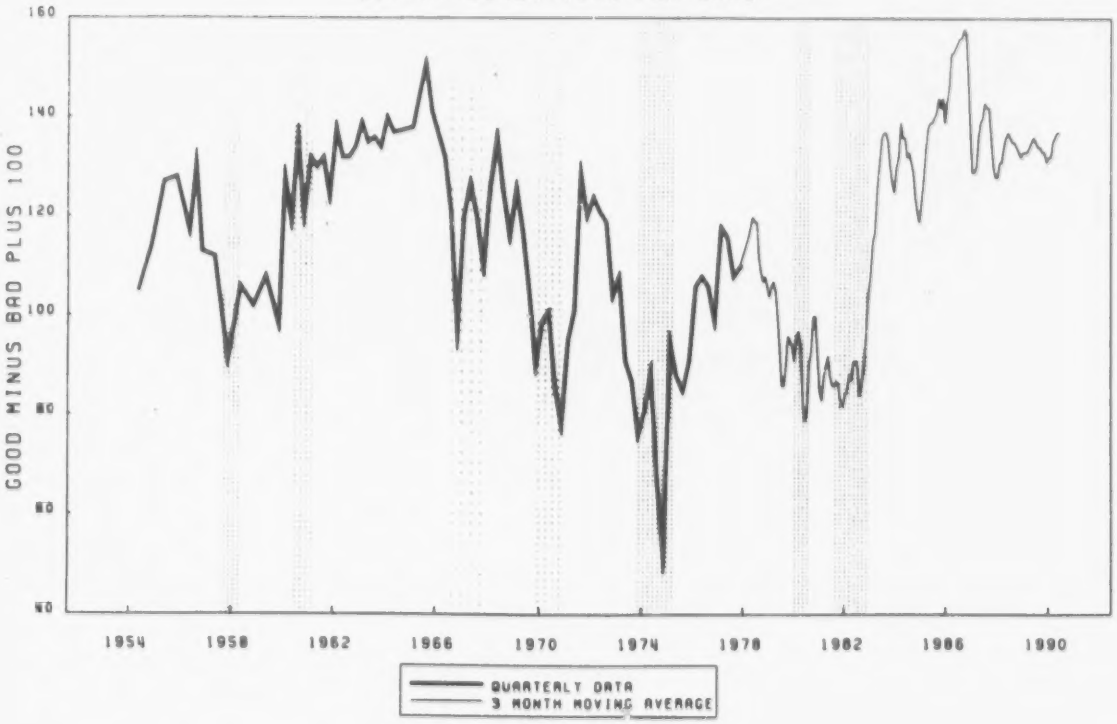


TABLE 25

BUYING CONDITIONS FOR CARS

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
GOOD TIME TO BUY	61%	64%	61%	61%	62%	62%	58%	63%	63%	65%	66%	64%	63%
UNCERTAIN; DEPENDS	10	10	11	9	10	10	10	11	6	6	7	9	8
BAD TIME TO BUY	29	26	28	30	28	28	32	26	31	29	27	27	29
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	507	501	502	506	500	502	500	500	511	503	504	504	500

The question was: "Speaking now of the automobile market—do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

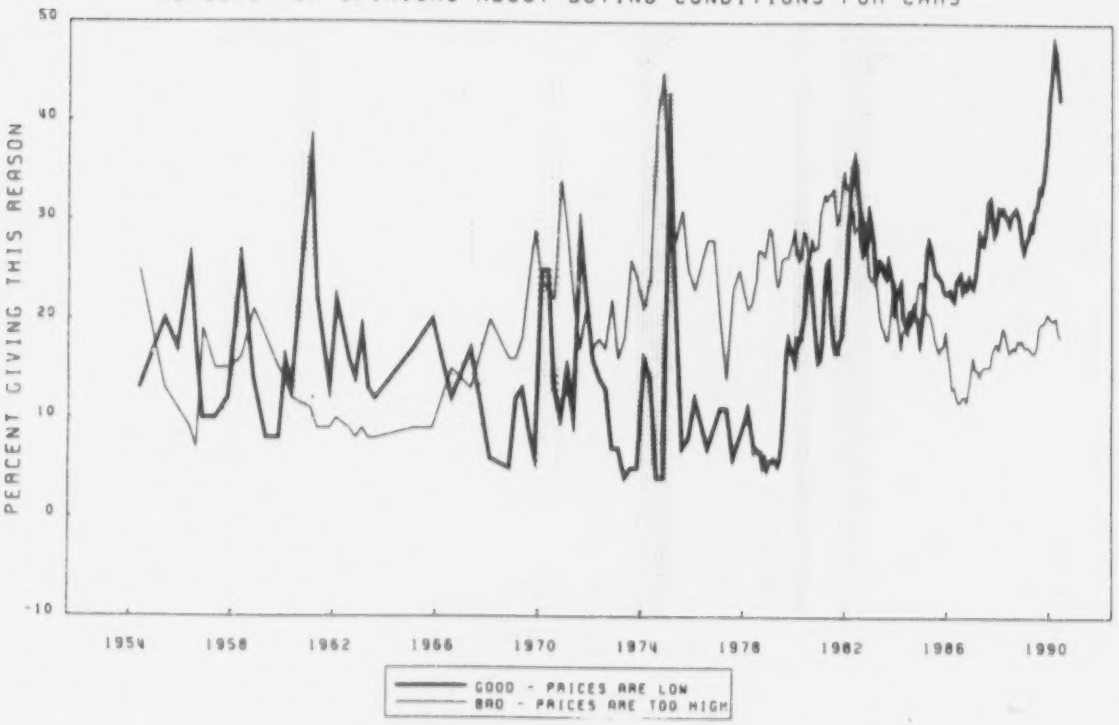


CHART 26B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

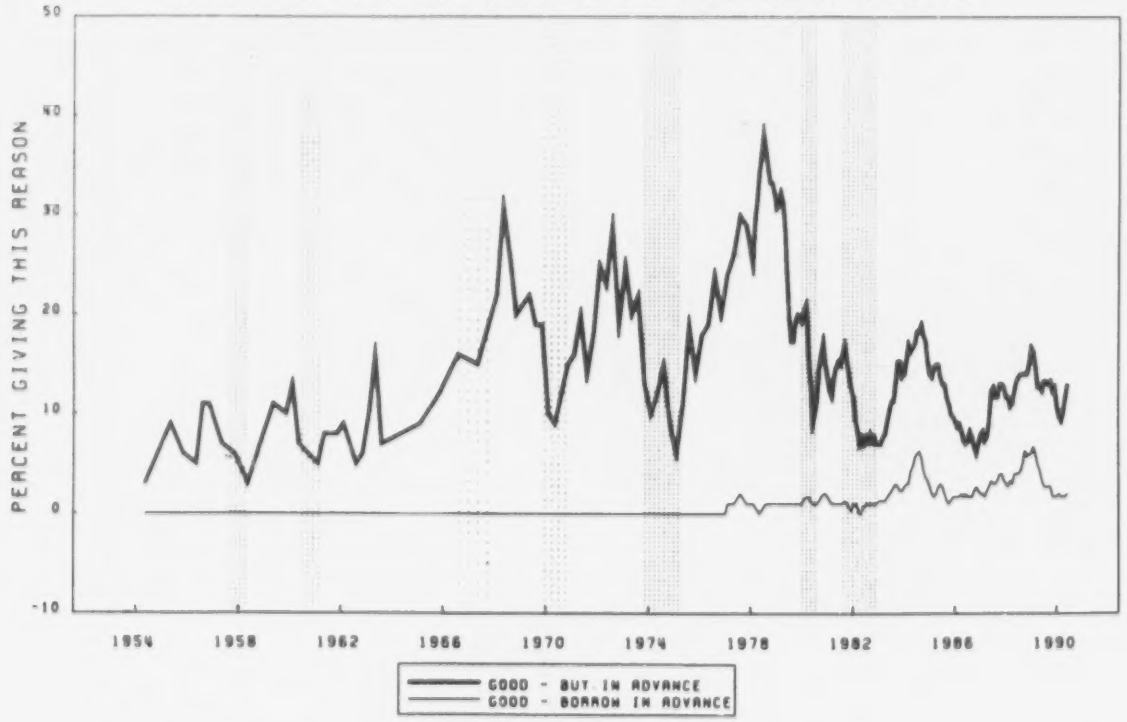
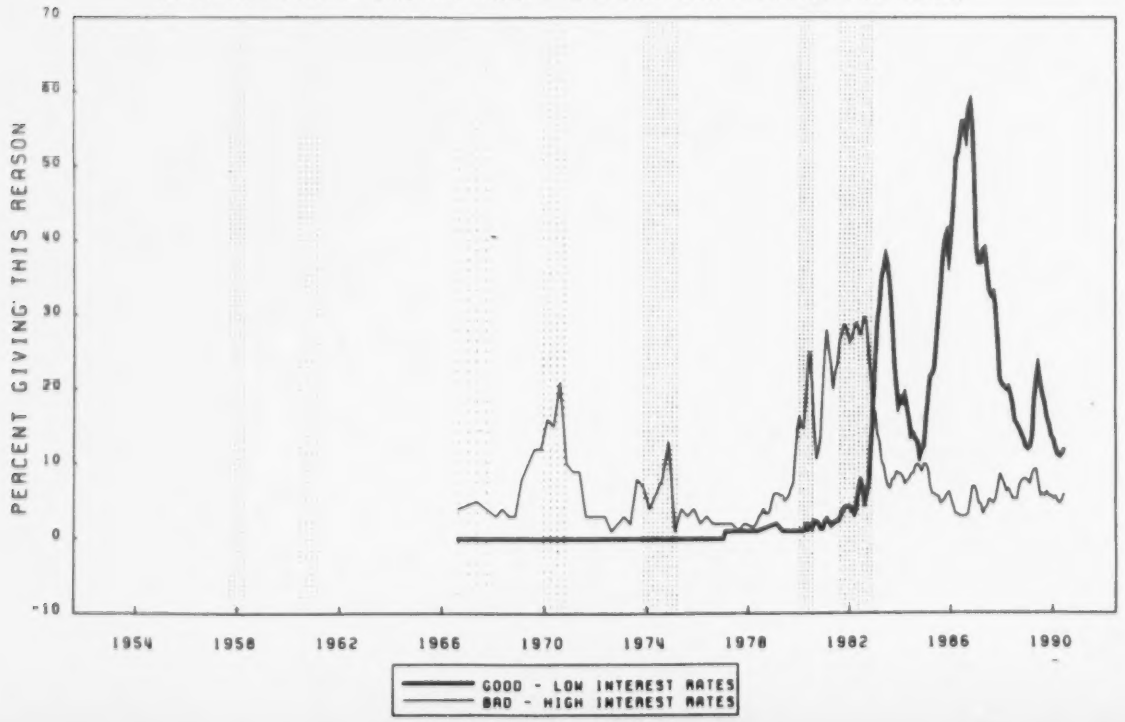


TABLE 26
SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	June 1989	July 1989	Aug. 1989	Sept 1989	Oct. 1989	Nov. 1989	Dec. 1989	Jan. 1990	Feb. 1990	Mar. 1990	Apr. 1990	May 1990	June 1990
GOOD TIME TO BUY:													
Prices are low; good buys available	33%	32%	35%	32%	36%	41%	38%	48%	48%	48%	45%	41%	41%
Prices won't come down; are going higher	11	15	14	10	16	11	11	10	8	10	13	12	14
Interest rates are low	21	19	18	18	13	15	13	12	11	11	11	12	13
Borrow-in-advance of rising interest rates	2	2	4	2	2	1	2	2	2	1	2	2	2
Times are good; prosperity	2	3	2	4	3	2	1	2	2	2	2	1	2
BAD TIME TO BUY:													
Prices are high	18	18	22	19	18	23	21	17	22	21	18	17	20
Interest rates are high; credit is tight	7	4	7	6	6	5	6	5	6	4	4	7	7
Lack of purchasing power	4	3	4	6	5	5	5	4	6	6	6	4	6
Times are bad; can't afford to buy	3	2	2	5	4	4	4	2	4	4	4	2	3
Bad times ahead; uncertain future	1	1	2	1	2	1	1	2	2	2	2	2	3
Poor selection; quality	2	3	2	3	2	3	4	3	3	4	2	3	4

Responses to the query: "Why do you say so?" following the question on Table 25.
+ : May add to more than 100% due to multiple mentions.

CHART 26C - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

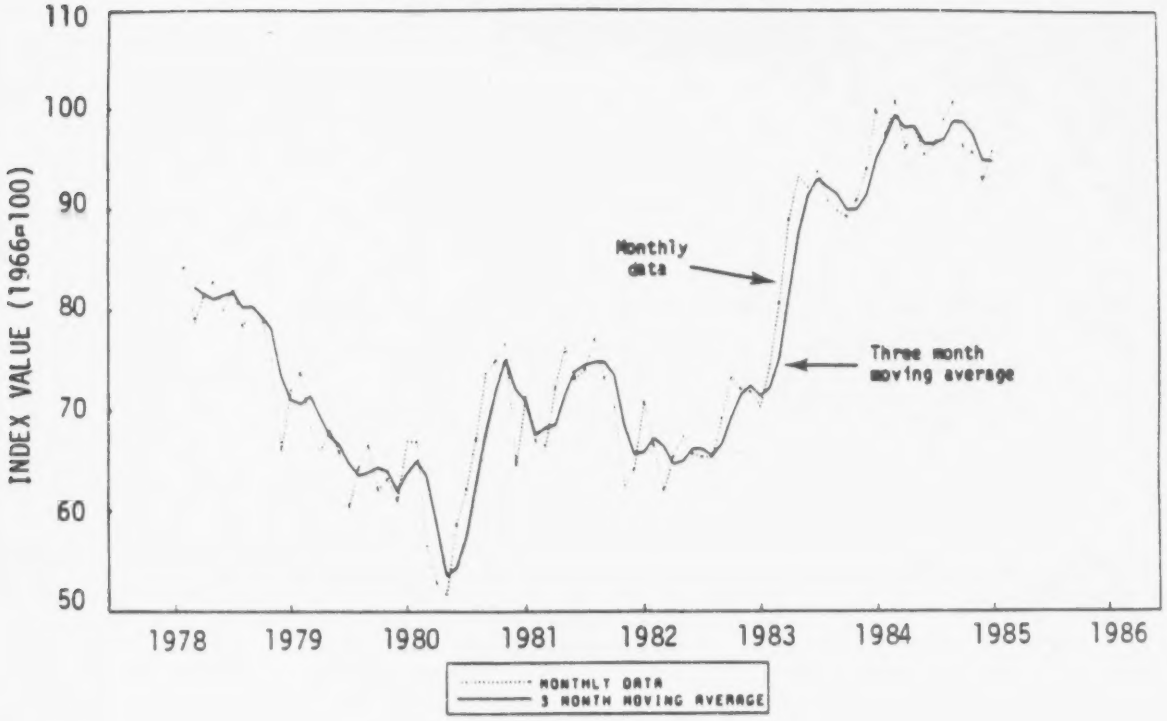
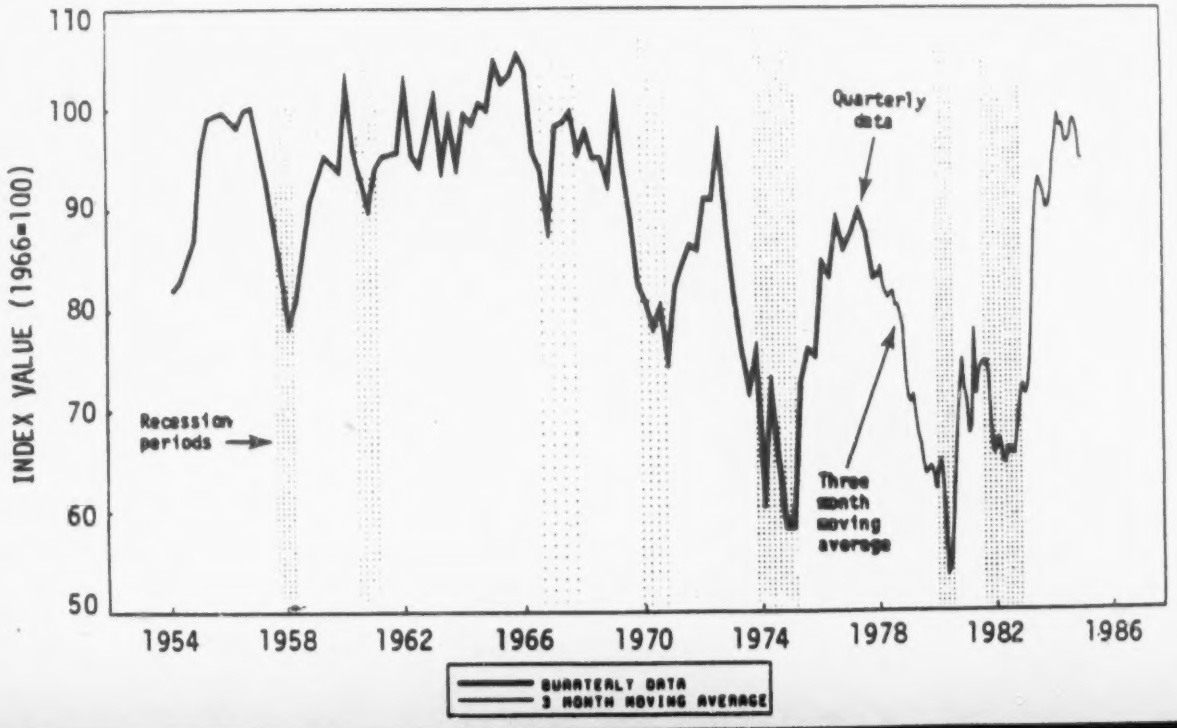


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



RECOMMENDED ALLOWANCE FOR SAMPLING ERROR OF A PERCENTAGE
(Sampling Error Allowance in Percentage Points[1])

For Estimated Percentage Near	Number of Interviews											
	100	200	300	400	500	750	1000	1250	1500	2000	2500	3000
1% or 99%	2.2	1.6	1.3	1.1	1.0	0.8	0.7	0.6	0.6	0.5	0.4	0.4
5% or 95%	4.9	3.5	2.8	2.4	2.2	1.8	1.5	1.4	1.3	1.1	1.0	0.9
10% or 90%	6.7	4.8	3.9	3.4	3.0	2.4	2.1	1.9	1.7	1.5	1.3	1.2
20% or 80%	9.0	6.3	5.2	4.5	4.0	3.3	2.8	2.5	2.3	2.0	1.8	1.6
30% or 70%	10.3	7.3	5.9	5.1	4.6	3.7	3.2	2.9	2.6	2.3	2.0	1.9
40% or 60%	11.0	7.8	6.3	5.5	4.9	4.0	3.5	3.1	2.8	2.4	2.2	2.0
50%	11.2	7.9	6.5	5.6	5.0	4.1	3.5	3.2	2.9	2.5	2.2	2.0

[1]The figures in this table represent two standard errors. Hence, the chances are 95 in 100 that the true percentage lies within a range equal to the observed percentage, plus or minus the sampling error.

DESCRIPTION OF CHARTS

DATA POINTS

QUARTERLY DATA: Data collected by surveys conducted at three month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE

Each tic mark on the time scale represents the month of January for the indicated year.

RECESSION PERIODS

November	1948 - October	1949
July	1953 - May	1954
August	1957 - April	1958
April	1960 - February	1961
June	1966 - November	1967*
December	1969 - November	1970
November	1973 - March	1975
January	1980 - July	1980
July	1981 - November	1982

Recession dates are determined by the National Bureau of Economic Research.

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).